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ABSTRACT

This volume presents transcripts of seven hearings held in May, 1991, on the reauthorization of the Higher Education Act of 1965. Of the hearings held in the District of Columbia the first focused on the Pell Grant and Stafford Loan programs and featured witnesses from around the country addressing educational finance. The second hearing focused on the process of accreditation, certification and licensing that determines institutional participation in the Federal student aid programs and featured witnesses from educational institutions, and professional associations. The final hearing presented the testimony of college executives, representatives of educational associations and others on Title VI (which supports international education) and Title III (concerned with institutional aid and funding for institutional facilities). The hearings in other cities provided an opportunity for legislators to hear additional suggestions and recommendations from students, teachers, administrators, institutional executives and state agencies on the reauthorization of higher education programs. Included are the prepared statements of the witnesses as well as additional statements, correspondence and supplemental material. (JB)

S. HRG. 102-221 Pt. 2

REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

PART 2

EXAMINING PROPOSED LEGISLATION AUTHORIZING FUNDS FOR PROGRAMS OF THE HIGHER EDUCATION ACT

MAY 2, JACKSON, MS; MAY 3, MINNEAPOLIS, MN; MAY 6, DULUTH, MN; MAY 13, SPRINGFIELD, IL; MAY 9, 17, AND 23, 1991, WASHINGTON, DC

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REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, MAY 2, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES, OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Jackson, MS.

The subcommittee met, pursuant to notice, at 9:08 a.m., Recital Hall, Academic Complex, Millsaps College, 1701 N. State Street, Jackson, MS, Senator Thad Cochran, presiding.

Present: Senator Cochran.

OPENING STATEMENT OF SENATOR COCHRAN

Senator COCHRAN. The hearing of our committee will come to order.

I appreciate very much the opportunity to convene this hearing on the campus of Millsaps College, and I particularly want to thank Dr. George Harmon for helping us in the arranging and scheduling of this hearing in this very fine academic complex.

Kay Barksdale has been particularly helpful in our preparation for the hearings, and we are very grateful for her assistance, as well.

I appreciate very much all of the witnesses coming to help us with the hearing, to provide us with the information, suggestions and ideas that we can use in the drafting and shaping of legislation that will reauthorize the Higher Education Act. It expires this year, and it is the responsibility of the Committee on Labor and Human Resources, on which I serve, to draft this legislation and to make recommendations to the full Senate about the content and the provisions of the legislation.

Since 1965, when the Higher Education Act was first enacted, there has been a very strong Federal commitment to insure that all students, regardless of their economic circumstances, can, if they choose, have access to postsecondary education. As the Congress embarks on this review of the Federal higher education programs, we will be looking at our current provisions of the law and considering new ideas and suggestions that would make it possible for students to attend college and also to receive top-quality instruction, once they are there.

Every program, from aid to historically black colleges and universities to Pell Grants and guaranteed student loans, will be carefully examined. That is the reason we are here today, to take a

look at the Federal higher education program from a Mississippi perspective.

Each of the witnesses on today's agenda brings important personal experience with these issues. Your insight will be invaluable to us, those of us who are involved in making sure that the Federal programs are up to date and meet the needs of our ever-changing world and our ever-changing State.

I will take the information you provide to us back to Washington and insure that it is considered in the shaping of the legislation by our committee. This is a good time to be discussing education, coming only 2 weeks after the President's historic announcement for a new education strategy in this country. The President asked all Americans to take part in "the crusade that counts most, the crusade to prepare our children and ourselves for the exciting future that looms ahead."

Each of you makes a significant contribution to the future of the students in this State, and I want to thank you for taking part in the hearing, again, and contributing your time to influence the process which I hope will result in improved opportunities for all Mississippians and Americans to receive the world's best education.

I am proud of our country's higher education system, and particularly of the outstanding Mississippi schools, colleges and universities that offer our young people the chance to make the most of their lives. I look forward to hearing from you, and I encourage you to make whatever comments and suggestions you feel are appropriate.

We have copies of written statements which you prepared. We thank you for those. We will make those a part of the hearing record in their entirety, and we ask you in your oral statements and presentations to make such summary comments as you think are appropriate.

We have several panels of witnesses, as you know, during the day, and we are going to have a break after the second panel testifies this morning. There will be some coffee outside the hearing room available for guests and witnesses, and we will have a lunch break, as well, and reconvene this afternoon. We look forward to hearing from everybody.

Our first panel this morning includes Dr. Ray Cleere, who is Commissioner of Higher Education of the State, of the Mississippi Institutions of Higher Learning. Persons who are with him are Dr. Charles Pickett, who is Assistant Commissioner of Academic Affairs for Mississippi's Institutions of Higher Learning, and Ms. Ruby Anderson, Project '95 Coordinator for Mississippi's Institutions of Higher Learning.

Dr. Cleere is our leadoff witness, and will provide us with an overview of the Higher Education Act from a point of view Mississippi. Dr. Pickett and Ms. Anderson, who work with him, will be discussing Project '95 and other higher education issues.

Welcome, Dr. Cleere. You may proceed.

STATEMENTS OF DR. W. RAY CLEERE, COMMISSIONER OF HIGHER EDUCATION, STATE OF MISSISSIPPI; DR. CHARLES A. PICKETT, ASSISTANT COMMISSIONER FOR ACADEMIC AFFAIRS, MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING; AND RUBY K. ANDERSON, PROJECTS COORDINATOR, MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Mr. CLEERE Thank you, Senator Cochran. Ms. Dixon, it is also very good to have you in Mississippi. President Harmon, I also wish to thank you for serving as our host today. This is a very special opportunity for us in Mississippi to address the reauthorization of the Higher Education Act, which is the primary focus of attention in the higher education community throughout the Nation at this time.

You are going to hear from some of our primary leaders in higher education today. You and the members of the Senate Labor and Human Resources Committee have an excellent opportunity to reshape and redirect higher education in our Nation as we enter the next century.

The Higher Education Act has been a cornerstone of American social policy since its inception in 1965. The Act has played a significant role in contributing to the equalization of educational opportunity for all students, a goal to which our Nation, and especially higher education, has been committed since its inception. Today, the Higher Education Act continues to play a vital role in insuring access to postsecondary education, as a major force in America's ongoing quest to improve its position in the international community.

The upcoming reauthorization of the Higher Education Act, therefore, presents a unique occasion for the Federal Government, States and institutions to significantly improve the ways in which the Nation approaches and utilizes higher education. Given the economic and political changes occurring here at home and throughout the global community, now is an opportune time to reassess the goals and assumptions of national policy toward higher education.

I have been called upon to present the view of higher education in Mississippi on the reauthorization of the Higher Education Act. I have chosen to summarize the position that I have developed among the national higher education officers, the organization that I represent in that capacity is the State Higher Education Executive Officers, referred to as SHEEO. This national organization works closely with the education commissions of the States in focusing our attention on national issues related to both elementary and secondary, as well as higher education.

The Federal-State partnership should focus on providing support in this Act to the most needy students, achieving access to quality institutions, and improving the effectiveness and public accountability of higher education as a whole.

The Higher Education Act of 1965 and its subsequent amendments have made an enormous contribution to equal opportunity in the United States and to the vitality of colleges and universities. But the challenges that we face in the 1990's require that we thor-

oughly review the objectives and the effectiveness of every single element of the law.

No title or program in the Act should be exempt from the fundamental reexamination. Some, like the Pell Grant program, may be found effective, but in need of revision and sharper focus. Other areas will need new Federal incentives and more substantial State involvement. Some are no longer relevant to either the higher education community or to the Nation and probably should be eliminated.

I endorse the 8 policy objectives which SHEEO, the national organization I mentioned, has produced for consideration in the 1991 reauthorization, and I was actively involved in developing those positions. Let me touch on each of those areas for a moment.

The first, and an area that we believe is very important, as we move into the reauthorization, is to encourage partnerships between schools and colleges and work to improve the preparation of students at a very early age.

Federal and State programs often view K through 12 and higher education as two distinct tracks. This is contrary to the view of education as a continuum, where success at one level is dependent upon success at an earlier level. SHEEO has taken the position that a national early intervention program that brings schools and colleges into a collaborative relationship would do much to solve the pipeline problem, especially among minority and other at-risk youth.

Models developed by several States provide an excellent starting point for such a national program. Mississippi has made tremendous moves in this area, with programs such as Project '95, of which you will hear in a few moments.

The second item, refocus Federal student aid programs to increase support for low-income students, primarily by addressing the balance of grants versus loans.

This is and should be an enduring goal of national policy. But success in this area, this area of finding balance between loans and grants, still remains elusive.

Participation in graduation rates of students from low-income families lags significantly behind those from middle-and upper-income backgrounds, a condition which, according to several different studies, worsened in the 1980's. While the causes of this lagging participation are complex, there are several reasons directly related to Federal student aid policy that must be addressed.

Solutions have been suggested that are worthy of further consideration and debate. Among them is limiting the Pell Grant program participants to "traditional college-age students" and/or restricting access to "independent students." Also suggested has been establishment of a Federal-State partnership, whereby the Federal Government would assume responsibility for meeting a student's subsistence cost, while the State assumes the responsibility for covering unmet needs resulting from increases in the price of tuition and other related fees on our campuses.

Item number three, improve the effectiveness of Federal student aid programs through stronger accountability and institutional eligibility standards.

The effectiveness of Federal student aid programs has been called into question, not only by the highly publicized "default" problem, but also reports of high dropout rates and poor quality programs which are strained by Federal support. The growth in the number and types of institutions eligible for Federal aid has put considerable pressure on the system by which the Federal Government determines eligibility to participate in title IV programs.

A recent study commissioned by the SHEEO organization to examine the eligibility process reports that the current procedures are a confusing and ineffective combination of oversight by State licensing agencies, private accrediting bodies, and the U.S. Department of Education. The study notes that many in Congress are pointing their fingers at all three parties for being lax in their responsibilities. It is essential, then, that the respective roles of these agencies be clarified, and the way in which the agencies fulfill their roles be strengthened considerably.

I might add in passing that our office, the Higher Education Office in Mississippi, is responsible for serving as the State guarantee agency for Federal loan programs. We currently guarantee in the neighborhood of $500 million in student loans. We are frightened by the process of guaranteeing those loans, because as default rates go up, both from the public and the private sector, public and proprietary sector, we are forced to put more and more State money in the pool as part of the guarantee process, and that is State money that we do not readily have and it often detracts from programs we need to be administering in our institutions.

The fourth item is to renew the emphasis on improving institutional quality, especially in the areas of facilities, undergraduate education, and the use of technology to improve the teaching-learning process.

Access is an important Federal goal, but it is not enough. If the Untied States is to compete effectively in the world economy, it will require institutions which have significantly transformed their curricula and delivery mechanisms. SHEEO suggests a variety of new programs to replace or modify many of the existing programs in the Higher Education Act. Each is aimed at increasing the quality of institutions of higher education, especially their capacity to improve the scientific and technological competence of the population.

The emphasis of new programs should be on improving undergraduate education, strengthening the infrastructure, building instructional systems and teaching technology and, of course, renewing the faculty. This would supplement, not replace, the State's fundamental role in supporting the infrastructure. The mechanism for many of these new programs should be in the form of competitive grants.

The fifth item, incorporate incentives for students to persist in their courses of study into the Federal and State financial aid programs.I believe this in itself could have a great impact on the ability of disadvantaged students to persist in the educational environment.

The incentives for both students and institutions in the current student aid programs are aimed at the laudable objective of access, but we continue to judge the success of our State and national ef-

forts to provide equal educational opportunity solely by the level of enrollment, not by the level of success. This, of course, must change. By shifting the criteria to performance standards or outcome measures, we can change the behavior of both institutions and students.

Item number six, strengthen self-help programs for middle-income students and establish new incentives for increased parental support through savings.

Most restrictive needs analysis for dependent students have virtually eliminated most middle-income students from Federal student aid programs, while changes in the definition of "independent" students has meant a larger and large number of students participating in this category. If the costs of loan defaults can be reduced, it may be appropriate to expand eligibility to the Stafford loan programs and college work-study programs, to enable students from somewhat higher-income backgrounds to participate in the programs and, thus, help themselves with government assistance.

Parents with moderate incomes must also be encouraged to plan ahead and save toward the education of their children. Only half the parents who expect their children to attend college are saving for those expenses, and those who are saving are able to save only about $500 per year. Parental savings can be encouraged by reexamining the formulas and definitions for dependent student status, so that the system cannot be manipulated in order to avoid parental responsibility. Another way in which the Federal Government might enhance parental contributions is by improving the tax incentives for college savings.

Number seven, provide States the greatest flexibility possible in the use of Federal funds. There is merit in placing not only greater accountability responsibilities on the States, but also in allowing greater flexibility in the use of Federal funds. Providing Federal block grants to the States would allow the States flexibility to target funds at activities which fit closely with State priorities. Such flexibility should be accompanied by accountability for demonstrating effectiveness and by general guidelines to assure Congress that national objectives are being met.

Finally, to establish a new system of supporting and retraining adults. The increasing use of Federal student aid programs by adults is testimony to the growing importance of lifelong earning and job retraining in our Nation. Unfortunately, these programs are poorly designed to meet the needs of adult students and their use by adults has come at the expense often of traditional college students. So, we face a dilemma: Workers need retraining and adults need renewal through lifelong learning. Benefits accrue to both individuals and society, but the public sector seems to lack the will or the capacity to finance this system of renewal adequately.

If lifelong learning has actually come of age in this Nation, then we need a new approach to make it possible. Studies such as the National Center on Education and Economy's report entitled "Training America, Strategies for the Nation," correctly asserts that most adults will need to secure additional education during their working lives.

A beneficiary-trust program, though radical, may be what is needed to finance adequately the real educational costs faced by

adult students. If implemented, such a trust program could provide the incentives necessary to both employers and employees to invest in the education and training necessary to keep our country economically competitive.

Mr. Chairman, many other changes can and should be made to the Higher Education Act, in order to improve the prospects of equal educational opportunity for all the students of this Nation. I have chosen to speak to this specific set of concerns today, in order to reinforce the idea that much more focused, targeted approach to this upcoming reauthorization is needed.

The Higher Education Act has afforded many students the opportunity to pursue postsecondary education, an opportunity they likely would not have had, without the programs under this Act. If we are to build on and expand the successes of this important piece of Federal legislation, we must be willing to focus on those issues of great concern and need in these fiscally difficult times. At the same time, we must not be willing to mortgage the future of our children for the sake of current budgetary goals.

As we begin to look into the next century, the investment we make in our children and their educational aspirations is critical. America's future role in the international marketplace, and indeed its very place in the world community, will largely be determined by the choices we make today on behalf of our children and their intellectual development. The Higher Education Act, with its commitment to fair and equal treatment of all Americans, regardless of economic or other disadvantage, is a crucial component of our investment in the Nation's economic and social future. The choices we must make about the Act should, therefore, be clear and unequivocal.

Of course, Dr. Pickett now is going to talk a moment or so about school and college collaboration and move into Project '95, which Ms. Anderson will describe.

Thank you.

Senator COCHRAN. Thank you very much, Dr. Cleere, for your fine statement. We appreciate your getting us off to such a good start, and we will have an opportunity after Dr. Pickett and Ms. Anderson present their statements, to discuss some of the issues that you raised.

Dr. Pickett.

Mr. PICKETT. Senator Cochran and Ms. Dixon, I appreciate this opportunity to discuss what is perhaps the greatest education initiative our State has ever experienced. Project '95 is a collaborative effort of three boards that oversee education in Mississippi, the Board of Trustees of State Institutions of Higher Learning, the State Board of Education, and the State Board for Community and Junior Colleges. Never before has such a concerted effort been made to work together to upgrade the quality of education for all our students.

Not only are the partners in Project '95 working in spirit, but they are working, in fact. Educators on all levels are collaborating and developing collegial relationships. Staff members are writing joint proposals, staffing and presenting workshops for teachers, and participating on joint task forces aimed at improving education and ultimately the quality of life for all Mississippians.

Our State ranks 49th nationally in the percentage of its school-age population completing high school, and almost a third of those who do graduate do not go to college. According to the 1989 Digest of Education Statistics, nationally, 48.1 percent of the people 25 years of age and older have gone to college for at least 1 year, while in Mississippi, only 37.9 percent of these adults have even had 1 year of college.

The numbers for those who actually complete college make the same point. Nationally, 16.7 percent of adults hold college degrees, while only 12.3 percent of Mississippians have completed college. These problems are particularly pronounced for the State's minority population and for low-income families. A shortage of teachers and a lack of alternative support environments for low-income students makes these problems all the more difficult to solve.

The challenges posed by these circumstances require a comprehensive, statewide collaborative approach like Project '95, which we believe can serve as a model for other States.

Uniting the universities, community colleges, public schools, and the private sector, Project '95 seeks to increase the number of educationally disadvantaged students going to college, improve the academic skills and career awareness of those students, reduce the State's teacher shortage, and establish closer ties between the State's colleges, local schools and community leaders.

As perhaps the most comprehensive statewide program of type, Project '95 offers a model for marshalling the resources of local schools, colleges, the private sector, and the community in a coordinated program for reaching the needs of educationally disadvantaged students. The primary goal of Project '95, which is to assure that students are fully prepared for higher education in the modern work world, is supported by two key objectives: (1) to strengthen college admission standards by 1995; and, (2) to increase minority access to higher education.

An array of programs designed to meet these objectives are under way. Shortly, you will hear brief descriptions of those activities and how they are making a difference in the quality of teaching and learning in Mississippi.

Much national attention has been given to Project '95 during its relatively short 2-year history. At a time when the media is emphasizing problems and lack of programs in the educational arena, Project '95 emerges time and time again as the force for positive change.

Numerous newspaper articles, interviews, and presentations have been centered around Project '95 and its goal of better preparing students for the college and work experience. This goal represents a national thrust initiated by the best educational minds in the country. Mississippi is on the forefront of a national trend. Project '95 staff have recently been featured at conferences in California, Texas, Arizona, Georgia, and North Carolina. Interest in collaboratives and mutually beneficial partnerships is steadily growing.

Why is the idea of collaboration gaining so much attention? One reason is that public funding for education reform has diminished. This condition fuels the idea that bringing to bear all of our human resources can forge a new and more efficient educational process.

Because of increased national attention, coupled with the collaborative nature of the project, Project '95 has been able to garner grants from funding sources from around the country.

Project '95 is presently funded through private contributions and grants, as well as through the Federal dollars of the Eisenhower Mathematics Science Act and others. To date, $2.5 million has been entrusted to Project '95 for the operation of numerous and varied programs benefiting minority access, teacher development, financial aid and student career activities.

In summary, Mississippi is already taking a number of steps to tackle the problems facing disadvantaged students, and we have achieved some modest success. Project '95 cannot solve all of our problems, but it does offer the first statewide multifaceted approach to expanding the access of Mississippi's disadvantaged students to postsecondary education and meaningful career opportunities.

Just as a personal note, I have spent in excess of 30 years in education at primarily every level in the State of Mississippi. Two years ago, no one could have convinced me that I would be here. During that time, that is prior to my arriving in my 30 years, we got new leadership in the State in higher education, Dr. Cleere, who came talking about a lot of great things, as new leaders often do, and I listened and said, yes, I will not be here for most of that, if indeed this takes place.

But one of the things that he talked about really caught my attention and, consequently, I postponed retirement, to take part in this, because I really believe that it is an opportunity for me to end my career and having made a really big difference. He talked about collaborative efforts. He talked about boards working together. He talked about K through 12 community colleges and colleges working together. That is not a new idea.

Everybody knows, nobody would disagree that this needs to happen, for a lot of reasons. For one, the education of our children has to be a continuity. I mean it is K through Ph.D. It is not K through 12 community college and colleges. They are going one track. The other is because we have got to better utilize our resources.

So, that is not a new idea. It makes sense to everybody, but the difference is this man had to the audacity to believe that he could pull this off, and I promise you at this point that it is working. I think it is only limited by the resources that we can pull in the future. I would hope that we can somehow get some additional Federal funding to continue this process.

Thank you.

Senator COCHRAN. Thank you very much, Dr. Pickett, for your contribution. We appreciate your enthusiasm, and I think it will be contagious.

Ms. Anderson.

Ms. ANDERSON. Mr. Chairman, thank you for this opportunity to discuss the exciting programs that make up Project '95.

As Dr. Pickett has mentioned, Project '95 embraces a sweeping array of programs and activities that are aimed at strengthening the academic bridge between high school and college and better equipping our high school students for the challenges of higher

education, the demands of the modern workforce, and whatever lies ahead for them.

In my statement, I have prepared brief descriptions of each program. I will not read those, since you have it in front of you. I will just highlight them very briefly.

I will start with Career Beginnings. Career Beginnings is a national youth program and it aims to increase the number of students from economically or educationally disadvantaged backgrounds, who complete high school, go on to college or some kind of postsecondary training, or growth oriented career path.

Career Beginnings, again, is a national program that is administered by the Center for Education and Corporate Initiative at Brandeis University. Mississippi is just getting into the program. We launched it a year ago, four sites, and it is innovative here, because we are the first statewide effort that the national office has dealt with. So, a lot of the numbers that I will mention to you are based on the 30 other sites that have been operational for about 5 years now.

Most of the students in Career Beginnings are minorities. There 65 percent black, 18 percent Hispanic, and 8 percent Asian. In Mississippi, our sites are about 75 to 80 percent minority.

The program formally links colleges with several high schools in the area. Each student enrolled in the program receives the services of a mentor from the local business community. There is also a student development component that involves teachers and counselors in the schools, and also they are in touch with college professors and college administrators.

In addition to the encouragement from all of these knowledgeable people, the students are involved in the summer work-learning experience, and we try to find jobs that are more like internships, so that they actually learn while they are working, and they are also prepared for the jobs through employability skills workshops. We teach mock interviews and resume writing sessions. Also, we cover a variety of topics with the students, life skills, anything that they would need to be successful, not only in school or in college, but in life.

This program is extraordinarily comprehensive and it works well, because it is built on very solid partnerships. We have the colleges that are the Career Beginning sites forming partnerships with the local school districts, the business community, and just a host of other people who volunteer to work with this program.

The Career Beginnings program was launched last year at about this time at the Copiah-Lincoln Community College, Mississippi University for Women, Mississippi Valley State University, and University of Southern Mississippi at Gulf Park.

In a lot of the areas where the programs are operating, we depend a lot on volunteers. President Bush talks about his thousand points of light, and, through our program, especially in the Delta, we are seeing points of light where the electricity has been out for a long time. We are very proud of what the sites have done and also proud of just the community involvement that we have seen.

In a nutshell, many of the under-achieving students who are in Career Beginnings have the resolve to be successful. We provide

the guidance and encouragement that they need, but the resolve is there, and if this program has a philosophy, it is that every child is a winner.

The next program that I will mention is the Mississippi Teacher Corps. Like many other States, we have a lack of teachers, especially in areas like match, science and foreign language across the State, and this program seeks to help with that.

It is in its early stages right now. We have 24 people working with the program right now. They are all fairly recent college graduates. We fanned out across the country last spring, and we recruited people from very fine institutions like Harvard, Sanford, Notre Dame, Duke, Brown, and I will say that we have two very fine students—they are teachers now—we have two very fine teachers who are graduates of Millsaps, and we are very proud of that.

What we did for these teachers, once recruited, was provide them with scholarships to a very intensive summer institute that was held at Old Miss. This institute, along with passing scores on the national teacher exam, prepared them for alternative certification. So, following the summer institute, we placed them in high-need school districts across Mississippi. All of our teachers are still in place, doing a marvelous job, and throughout the school year we have provided them with a variety of support services.

We have a mentor teacher network. We brought them together for group meetings twice this year to supplement what they got over the summer, and also we have conducted site visits to each one, to check on their progress and to touch base with the administrators, to find out what a good job they are all doing.

This is a program that we hope will continue. We are in the process now of selecting 25 new Teacher Corps recruits. Also, I will add that this program and Career Beginnings also, they are both primarily privately funded. The Career Beginnings Program is funded by the Commonwealth Fund in New York City, and the Teacher Corps program is funded by Create, Inc., Tupelo, MS, the Phil Hardin Foundation in Meridian, Bell South, and Mississippi Power & Light.

The next program that I will highlight is Collaborative Mini Grants. That is a program that is designed to encourage collaboration between secondary school teachers and university faculty members. We established this program to bring these groups together to foster innovative teaching strategies. Small grants were awarded to high school teachers and university and college professors who collaborate to come up with innovative teaching techniques, materials, units of study, and laboratory experiments.

Last year, we had some very interesting projects. Examples of items that were funded were unit of study on Hispanic culture from a native Spanish speaker's point of view, and a computer science seminar for teachers with an information network component. That was actually a relatively inexpensive program. It cost $5,000 to institute, and also we looked for projects that could be replicated in other areas, so that we can get a lot from each grant that we gave out.

Another project was our Regional Financial Aid Workshops. Last year and again this year, we held a series of Financial Aid Work-

shops in Tunica, Greenwood, Greenville, Yazoo City and Meridian. We funded a lot of students for whom financial aid programs were developed and do not take advantage of them. Some of the reasons for this is a lack of knowledge about filling out the forms, and a lack of knowledge about what is available. So, we had financial aid counselors from the community colleges and the four-year colleges volunteering to sit down with students and parents at Saturday workshops and fill out the forms for them, and 75 percent of the students that were served at the workshops left needing only a stamp to put their forms in the mail.

As Dr. Pickett mentioned, teacher development is also a big part of Project '95. The final two projects that I have covered in my testimony, the Dwight D. Eisenhower Math and Science Summer Institute and the Mississippi Educational Equality project, we call it the EQ project, both of those items are aimed at teacher development. I will not go into them.

The math and science workshops are week-long workshops for math and science teachers, and the EQ project is an effort of the National College Board, a nonprofit entity in new York city, and they have given us a grant to promote what they call their EQ competencies, and the books by subject area of what a student needs to know to succeed in college in a given subject area, and also teaching strategies for getting those across.

In conclusion, I would just say that while the programs that make up Project '95 are extremely varied, they share a singular purpose and that is to better prepare Mississippi's young people for the challenges that lie ahead. We are looking to increase the number of educationally and economically disadvantaged students going to college. We are looking to improve the academic skills and career awareness of those students, reduce the State's teacher shortage and establish an environment conducive to collaboration between the colleges, local schools and community leaders across the State.

While we cannot categorize Project '95 as a solution to all of the problems that face Mississippi, the programs that fall under Project '95 have been launched with the hope of addressing some of the critical challenges facing Mississippi's public schools and colleges. As Dr. Pritchett said, these programs have been successful, and we feel that they will continue to be successful.

Thank you.

[The prepared statement of Ms. Anderson follows:]

Prepared Statement of Ms. Anderson

Mr. Chairman and members of the subcommittee, it is a pleasure to be here today and I thank you for this opportunity to discuss the programs which make up Project '95.

Project '95 embraces a sweeping array of activities aimed at strengthening the academic bridge between high school and college and better equipping Mississippi high school students for the challenges of higher education and the demands of the modern workplace. Following are brief overviews of the various programs designed to meet these ambitious objectives.

Career Beginnings

Career Beginnings, a national program, aims to increase the number of students from economically and educationally disadvantaged backgrounds who complete high

school and enter college, technical training or meaningful employment. The program targets academically average students, and a large percentage of those enrolled come from generally disadvantaged backgrounds. Nationally, most of the students are minorities (65 percent black, 18 percent Hispanic, and 8 percent Asian); over 50 percent of them are from single parent families; and most are officially poor. Students enter the program as high school juniors and typically receive services for 19 months ending with graduation from high school.

This program has been enormously successful on over 30 college campuses across the country. According the Center for Corporate and Education Initiatives at Brandeis University which administers Career Beginnings nationally, over 90 percent of the participants have remained in the program and graduated from high school; over 60 percent go on to college (close to double the rate for similar students); and over 90 percent of those attending college successfully completed their first year. Although Career Beginnings has operated nationally since 1986, Mississippi serves as the first statewide effort.

Career Beginnings formally links a college with several high schools in its geographical area. Each student enrolled in the program is matched with a mentor from the local business community. Career Beginnings mentors are carefully screened, trained and supported. Mentors and students work together on career planning activities, the college application process, and understanding the professional work environment.

In addition to encouragement and guidance from knowledgeable mentors, students are involved in a summer work-learning experience. Also, throughout the year they attend workshops on career planning, basic academic skills, money management, time management, planning for college, job behavior, resume writing, and many other beneficial topics.

The Mississippi Career Beginnings Program was launched in 1990 at the following sites: Copiah-Lincoln Community College, Mississippi University for Women, Mississippi Valley State University, and the University of Southern Mississippi—Gulf Park. There are currently over 350 high school juniors and seniors and seniors enrolled in the program. Following our Fall 1991 recruiting effort, the number will increase to approximately 500.

The Mississippi sites are sponsored primarily by The Commonwealth Fund, a New York City-based foundation.

Mississippi Teacher Corps

Like many other states, Mississippi suffers from the lack of an adequate supply of teachers. Less than a month before school began this past fall, superintendents were still desperately contacting the State Department of Education in an effort to fill teaching vacancies before the first day of school. Sixty-five of the state's 152 school districts (42 percent) actively sought teachers for unfilled slots. The Teacher Corps is Project '95's effort to address this serious need.

After almost one year of operation, the Mississippi Teacher Corps has already made significant progress toward it's central goals of providing dedicated, highly-motivated teachers for public school students in high-need Mississippi school districts, and affording a structured entry into the teaching profession for talented college graduates across the country.

Our first class of Teacher Corps recruits are diverse in background and experience. The 24 newly-trained teachers come from many of the nation's most prestigious institutions of higher learning. In addition to exceptional academic records, they boast a plethora of other interests and talents. They include athletes, theater buffs, writers, musicians, and volunteer workers. Many entered the program with considerable experience working with youth in education settings. Their many accomplishments and interests are highlighted in the attached program brochure developed in fall 1990.

Each recruit received a scholarship to the Mississippi Teacher Corps summer institute held at the University of Mississippi School of Education. The nine-week twelve-credit program, combined with National Teachers Examination scores above the 50th percentile, helped to qualify the recruits for alternative certification in the state: Scholarships covered room, board, tuition, and materials for the summer program which consisted of practical classroom experience, meetings with state government officials and educators, and four core courses: Curriculum Construction, Advanced Educational Psychology, Techniques and Principles for Classroom Management, and Measurement and Evaluation.

The institute was supplemented by programs designed to foster an understanding and appreciation of life in the South. These events, developed with the help of the

Center for the Study of Southern Culture, included discussions with Southern artists, writers and historians.

Following the institute, recruits were dispatched to some twenty Mississippi public school districts. They are receiving ongoing support through weekend symposiums, continued contact with the University of Mississippi School of Education, visits from program staff, and a network of mentor teachers.

We are in the process of selecting 25 new Teacher Corps recruits for the 1991-92 school year.

The program is privately funded with grants from the following foundations: CREATE Inc., The BellSouth Foundation, Mississippi Power and Light Company, and The Phil Hardin Foundation.

Collaborative Mini Grants

The Collaborative Mini Grant program is designed to encourage collaboration between secondary school teachers and university faculty members. Project '95 established this program to bring these two groups together to share ideas and foster innovative teaching strategies. Small grants are awarded to high school teachers and university or college professors who collaborate to develop innovative teaching techniques, materials, units of study, or laboratory experiments.

Last year grants were awarded in the areas of computer science, mathematics, biology, chemistry, physics, and foreign languages. Examples of winning proposals include development of an enhanced mathematics curriculum; a unit of study on Hispanic culture from a native Spanish speaker's point of view; and a computer science seminar for teachers with an information network component.

Regional Financial Aid Workshops

A growing number of students for whom financial aid programs were designed are not taking advantage of this assistance. There are numerous reasons why students do not apply for financial aid. Some lack to information needed to conquer the maze of procedures involved in applying. Others lack knowledge of postsecondary educational opportunities available to them. And many students begin the financial aid process only the have their forms returned because of errors. In short, the process is often exceedingly frustrating.

Project '95 has piloted a series of regional workshops designed to simplify the financial aid application process are being held at various sites around the state. College-bound students and their parents meet with members of the Mississippi Association of Student Financial Aid Administrators who as volunteers conduct the workshops.

Dwight D. Eisenhower Mathematics and Science Summer Institutes

Affording teachers the opportunity to improve their skills and exchange ideas with the professionals in their chosen fields of study is an effort that benefits both educators and students.

Summer institutes funded by the Dwight D. Eisenhower Mathematics and Science Education Act have been held in the areas of biology, chemistry, physics, and mathematics. These institutes upgrade teache 's' skills and concentrate on the competencies their students must master in order to be successful in college.

The Mississippi Educational Equality Project

The EQ Project, an effort of The College Board, a non-profit organization located in New York City, seeks to strengthen the academic quality of secondary education and to ensure equality of opportunity for post secondary education for all students. The Mississippi EQ Project, a collaborative effort involving the Mississippi Institutions of Higher Learning, the State Department of Education, and The College Board, aims to increase access to quality education for all students.

EQ consultants from all over the United States are working in conjunction with the Project '95 staff to provide teachers at summer professional development institutes in Mississippi with information about skills students need in order to do well in college. Aimed at strengthening subject area content knowledge, the institutes emphasize the upgrading of academic competencies of students.

Conclusion

While the programs that make up Project '95 are varied, they share a singular purpose: to better prepare Mississippi's youth for the challenges that lie ahead.

Toward this goal, Project '95 seeks to increase the number of educationally and economically disadvantaged students going to college, improve the academic skills and career awareness of those students, reduce the state's teacher shortage, and establish an environment conducive to collaboration between Mississippi's colleges, local schools, and community leaders across the state. We would not characterize Project '95 as the solution to all of the problems facing Mississippi's educational system. However, the programs it comprises have been launched with the hope of addressing some of the most critical challenges facing Mississippi's public schools and colleges.

Senator COCHRAN. Thank you very much, Ms. Anderson, for your excellent summary of some of the specific programs that we have under way and are undertaking here in Mississippi to help improve the situation for students and for educational institutions, as well.

I wonder, in connection with the first two programs that you mentioned, Career Beginnings and the Teacher Corps programs, both of those are receiving funds from private foundations and nongovernment source funds, as I understand. Both of those programs are being funded in that way, is that correct?

Ms. ANDERSON. That is correct. With Career Beginnings, the funds come primarily from the Commonwealth Fund. However, the university sites have to supplement it, and in some cases they go out to the community to raise funds. Some of the supplemental money comes from university in-kind contributions, and some of our sites have written grants, State grants to supplement it.

Senator COCHRAN. I presume that, for the Career Beginnings program, much of the time of the mentors who are matched with the students is volunteer time?

Ms. ANDERSON. Yes.

Senator COCHRAN. They are not actually paid to participate in the program, are they?

Ms. ANDERSON. They are not paid, are volunteers. Let me add that Career Beginnings, we can set it apart from other mentoring programs that are around right now, by saying that it is not a Big Brother/Big Sister program at all. It is career focused mentoring. Our mentors are trained before they are ever matched with the student, and they have a lot of specific tasks to accomplish, and that is one of the reasons it has been successful, and we are very proud of the fact that we found so many people willing to volunteer not only to give their time to a young person, but also to go through training so that they can do it properly.]

Senator COCHRAN. You know, I was thinking, as I looked at the things that were covered in that relationship and the instructions from the mentor to the student, a lot of that is sort of substitute parenting, and even those of us who are parents probably forget to teach children as they come along through the high school years some of these basic things, money management—I thought about that and my own children—how to make up a resume, fill out applications, and just the skills that are needed for the college students of this modern day. The independence that the students have is no accident. They really are leaning, coming to college with a lot of underpinnings that are very important to have, but those who do not have basic foundations are just left behind, are they not?

Ms. ANDERSON. Yes, they are.

Senator COCHRAN. That is the problem, or they do not get to college.

Dr. Pickett, I thought your comments were very helpful in understanding some of the challenges that we have here in our State, also the success that Project '95 has already met, in terms of the image of our State and the fact that we are on the cutting edge of something that you think is very helpful and has a lot of promise.

Mr. PICKETT. I cannot say too much about it, from my perspective. In the last 20 years, I have been very active professionally in terms of going to national meetings and those kind of things. In those 20 years, inasmuch as, for the most part, I have always been either one of a few blacks or the only black. I have always gotten a lot of attention. In the past, most of that has been, hey, you know, we know how to help you solve the Mississippi problem, blah-blah-blah-blah. You know, in many cases, I wanted to say, "Hey, you know, I'm a Ph.D. physicist, I can make a living any place, I'm in Mississippi because I want to be there, let me tell you about some of your problems," but I did not do that.

Because of Project '95, really, that era has changed. I still get a lot of attention, but it is not the same conversation. It is, "I hear you all have community colleges and high schools working together, how in the world did you ever do that?" And those conversations have gone to presentations.

Again, it has resulted in a lot of positive imagery for the State of Mississippi, and I am very proud of that.

Senator COCHRAN. How does this program differ, for example, from the TRIO program, in terms of making disadvantaged students aware of college opportunities?

Mr. PICKETT. Well, it is more comprehensive. You know, in terms of getting a kid through college, you have got a lot of things that need to happen. In terms of what the goals are, the primary goals, we are talking about better educating our kids coming from high school, not just for college, but for the workplace also.

Now, what that means is we have got to do something for those kids prior to their getting to high school. Project '95 is involved in that in some of its outreach programs.

The other thing that jumps out about Project '95, at least for me, is that we are sincere here. We are talking about a group of Mississippians taking on a big project like this, you know, everybody either says that we are going to improve education in our State, and they would even say we are going to do a little better job for the disadvantaged.

We explicitly say that we are going to attack the minority problem. Certainly, we are going to do this for all kids, but we are going to take some special interest in doing those kinds of things that will bring that group along with us, because, especially in Mississippi, the percentage of minorities is too high to leave them behind. So, it is just more comprehensive.

Senator COCHRAN. I appreciate your helping me understand it better.

Dr. Cleere, you mentioned in your statement that there should be a performance criteria in all of this, in terms of not just measuring the success of the Higher Education Act programs by the numbers of students who are enrolled in higher education, but how well they are succeeding. I wondered, in that connection, shouldn't there not be in place some kind of performance standard or re-

quirement for students as a condition to receiving assistance in going to college or to school after they finish high School?

Mr. CLEERE Well, I do not think there is any question that we should be looking for ways to do that. As I look back over my years of receiving Federal money and qualifying for Federal money in various agencies, quite often we had to justify the receipt of that money by success and other factors related to the application.

I think in the higher education funding of financial aid, we measure everything by getting in the front door and not going out the back door with a degree. We need to find ways, standards of progress, for example, for the financial aid programs to have more meaning.

Our standards of progress—and I am talking about higher education in general, not specific institutions—but our standards of progress, in order to remain eligible for financial aid, are weak, at best, and I am not implying that every student should be on the dean's list, in order to get financial aid, but that there should be discernible progress toward graduation with each year's work. Even though the Federal law implies that, the process of administering that and verifying that is not strong, and I am a strong believer in working on retention within our universities an then having Federal aid programs that support that retention access model.

Senator COCHRAN. There is one program that has been adopted in Louisiana and Indiana and maybe some other States, it is a State program, but it is based on students achieving a certain level of excellence in high school, and then, once achieving that, the State pays their tuition to college. It's the Taylor plan, and I wonder what your reaction to that is, as an alternative for State participation in helping students gain greater access to college?

Mr. CLEERE I have been on the fence on the Taylor plan, not because the Taylor plan does not encourage achievement in high school. I think that is its great benefit. I only worry about that plan mechanically, because there is the risk, on the part of the legislature, that funding the Taylor plan might be seen as solving a problem when, in fact, it may just displace moneys that we are receiving from other sources.

So, I want to be sure that, as we move in this direction, we find a way to encourage more support for higher education and those students moving on into higher education, and not simply moving one pile of money from one category to another, merely displacing an appropriation. In talking with Mr. Taylor——

Senator COCHRAN. This is a program where the funds actually go to the student, and not the institution?

Mr. CLEERE That is right, it becomes another financial aid program, and for a lot of kids it may displace programs in which they are already participating that are getting the job done.

Senator COCHRAN. Like what?

Mr. CLEERE Well, like some of the grant programs, some of the State scholarship programs that are already available. For example, I am very interested in having scholarship programs that encourage kids to stay in the State and practice their trade, nursing, teaching, and so forth. I would not like to lose support in those pro-

grams, merely to support the Taylor program. So, if there is a way we can blend it together, I think it is a wonderful idea.

Senator COCHRAN. let me ask you one other question, and that is in connection with the thrust of assistance programs to higher education, whether or not these are assistance programs for institutions in disguise, rather than students? It seems institutions become actually dependent upon the Pell Grant program, not the students, necessarily, but some institutions would not exist now, without the Pell Grant program. Should we try to readdress that and look at it in a different way, maybe recognize that what we have here is a Federal assistance program to institutions, or not?

Mr. CLEERE There is a very strong feeling that these are quite often entitlement programs through students, as you are implying, and it might be better and it might allow higher education to plan more effectively, if we viewed that in that way and allowed higher education to build budgets and propose programs built on the assumption that the money may be coming to the institution more directly, instead of more indirectly.

An example we often have with these programs is some of the students that receive these grants are often students that, for one reason or another, do not pay all of their fees. That is a problem that we must address in higher education. But if you send money from Washington for a student to go to school and that should go toward paying his fees, then we need to absolutely sure that money finds its way into the coffers as tuition payments and so forth.

We have had in higher education in America, we have had institutions that have had collection rates for tuition and fees that go as low as 60 or 65 percent, when, in fact, up to 90 percent of the students might have been receiving financial aid. That does not speak well for our efforts, and I think those of us in the higher education community are very concerned about that.

I think the restrictions need to be clearer, in some ways they can be broader, but I do think we need to recognize that these funds are, in fact, money that the institutions are dependent upon for basic operation, and institutions would close without these funds.

Senator COCHRAN. There are a couple of suggestions floating around the Congress right now that have come to my attention. I do not have any opinions about them, really, but I just thought I would ask you what your reaction to them would be.

Some Senators and Congressmen are suggesting that we have Pell Grant programs available only for the first 2 years of college or postsecondary learning, and then loan programs available beyond that. What is your reaction to that?

Mr. CLEERE Well, my reaction at this moment—and I have been watching that conversation for the last few months, Senator—my reaction to that at this moment is pretty positive. I believe that those students at the freshman and sophomore years, or in many cases, especially among the disadvantaged, among our higher risk students, the encouragement of grant programs at the higher level, as opposed to loan programs, might be an incentive to draw students out of that freshman and sophomore loan program scenario into the grant programs. That is one side of the coin.

The other side of the coin that still worries me a little bit, our freshman and sophomore disadvantaged students are also our high-

est risk students under the loan program, so you might expect higher default rates among that singular population at the freshman-sophomore year, because they are higher risk students.

So, it is a balance between providing an incentive and putting your nonobligated money at the level where it will do the most good, versus the loan program which will produce the higher risk at the lower levels.

I tend to think it might be worth a try. It is a gigantic gamble, and we may have to watch our default rates more closely, as we do that.

Senator COCHRAN. Thank you very much. I really appreciate your getting us off to a good start. This panel has been excellent, in terms of your preparation and presentation of your comments to the committee. Thank you very, very much.

Mr. CLEERE Thank you for having us, Senator. It is good to have you here.

Senator COCHRAN. Our next panel includes Ms. Belinda Lee, who is director of special programs at Tougaloo College; Mr. Jack Woodward, who is director of student financial assistance at Millsaps College; Dr. Ted Alexander, who is president of Pearl River Community College, and Dr. Clyde Muse, who is president of Hinds Community College.

We hope that you will all take your places there. It is good to see you.

Because Dr. Muse has a commitment that has come up that requires his present somewhere else in just a few minutes, I am going to ask him to be the lead-off witness for this panel, and then we will let him escape.

We appreciate you making room in your schedule to be here with us this morning, and you may start off, Dr. Muse.

STATEMENT OF DR. V. CLYDE MUSE, PRESIDENT, HINDS COMMUNITY COLLEGE; BELINDA T. LEE, DIRECTOR, TRIO PROGRAMS AND STUDENT SUPPORT SERVICES, TOUGALOO COLLEGE; JACK WOODWARD, DIRECTOR, STUDENT FINANCIAL ASSISTANCE, MILLSAPS COLLEGE; AND DR. TED J. ALEXANDER, PRESIDENT, PEARL RIVER COMMUNITY COLLEGE

Mr. MUSE. Thank you, Senator. I appreciate you adjusting the schedule. I needed to be at the airport at 11 o'clock, and this is going to work just right for me, by your doing this.

I do appreciate the opportunity to appear before this subcommittee, as you consider the reauthorization of the Higher Education Act. My comments today will focus on programs to meet business and industry needs in preparing a world-class workforce.

During the decades of the 1980's, much has been said and written about the need to make U.S. business and industry more competitive in the emerging international economy of the nations of the world. While the corporate policies and practices of many industries must change and are changing, in order to adapt and compete in this new world order, concurrent changes must take place in our institutions of higher learning.

More precisely, a comprehensive national strategy and commitment are needed which addresses both human resource develop-

ment and economic development. The Higher Education Act, which you are now considering, can be a major vehicle in setting forth this strategy and commitment.

As we consider such strategy, we must begin by listening to the perceived needs and requirements of the modern worker as expressed by business and industry employers.

In October of 1989, the American Society for Training and Development, in conjunction with the U.S. Department of Labor, hosted a symposium focusing on the results of a 2-year study called "Best Practices: What Works in Training and Development." A portion of this study focused on the basic skills that employers want and that workers need in today's workplace.

This study found that, beyond good basic reading, writing and computational skills, employers expect competence in creative thinking, personal management, and interpersonal relations. Also critical are abilities to organize and verbalize thoughts, conceptualize, resolve conflicts, and work in teams.

Today's workplace requires employees to have not only the standard academic and technical skills, say employers, but also other key basics as a foundation for building broader, more sophisticated job-related skills. In addition to those basic skills previously mentioned, employers desire skills in learning to learn, listening, oral communications, problem-solving, self-esteem, goal setting and motivation, teamwork, negotiation, organizational effectiveness and leadership. Obviously, the employers are expecting a great deal from the graduates of our institutions.

Thus, as we combine these new and more sophisticated demands for workplace basics with the ever-changing advanced technical skills brought on by advanced technology, stricter quality controls, cost-saving production techniques, consumer service demands and improved management approaches, higher education is faced with a formidable challenge.

I am going to speak just a few minutes about the role of community, junior and technical colleges in this effort.

Most would agree that, regardless of the natural resources which may abound in any given region, its real vitality and productivity depends upon its people, and more especially upon the knowledge, skills, attitudes and values possessed by its people.

Since the early part of this century, our Nation's community, junior and technical colleges have been instrumental in educating our citizens. In fact,many of our most successful local, State and national leaders in business, industry and government can point with pride to their local 2-year college as the place where their career aspirations and talents were initially honed.

I am sure you are aware of this, since both your mother and father are graduates of Hinds and were alumnus of the year, so you would agree with that statement, I am sure.

In addition to the traditional academic and college transfer function of the 2-year college, these institutions, particularly over the past 25 years, have greatly extended their missions in the field of technical and vocational training areas, in which, today, well over 75 percent of today's opportunities are found. In more recent years, these colleges have been a major delivery system for new and expanded business and industry. Indeed, we firmly believe that

human resource development and economic development is the very core of our mission.

In the State of Mississippi, we take pride in having founded the first statewide system of 2-year colleges in the Nation. Just this past month, two of our students were named among the Nation's top 20 students by the program of USA Today. You might have noticed that in the publication 2 weeks ago.

Within Mississippi's 15 2-year colleges, you will find many excellent teachers and programs which are directed toward serving the needs of business and industry. Several of these institutions have already undertaken the initiative to develop a "resource and coordinating unit for economic development" to better address the needs of the nontraditional programs associated with our local economy.

We are aware that our institutions are strategically located to provide services out where the rubber meets the road, in our small rural communities throughout our State that otherwise were drying up, without some help in this regard.

I would like to focus a little now on some specific recommendations for the Higher Education Act. I know that you are aware of the message of the American Community College Trustees Association, as well as our ACCT/AACJC statement. We support those statements, but, in addition to that, I would offer the following recommendations:

(1) That Title XI, Partnership for Economic Development and Urban Community Service, be expanded to include provisions for the establishment of these "resource and coordinating units for economic development" within our 2-year colleges. Such units would function as a "business and industry extension service," not unlike the well-known agricultural extension service, in order to provide greater technical assistance for business and industrial sectors of our economy. Our Nation's 2-year colleges are strategically located in such a way as to allow for the implementation of this network of services in a most economical manner.

(2) That title XI be expanded to include provisions for establishing technology transfer consortia between 2-year colleges, universities and public and private colleges to deliver the applied research that is developed within these great institutions.

(3) That Title VIII, Cooperative Education, be broadened to permit greater collaboration between educational institutions, employers and students, culminating in on-site work experience becoming an integral part of many educational programs.

(4) That Title I, Postsecondary Programs for Nontraditional Students, be joined with title XI to help college related resources more clearly to the continuing education and training needs of the American workforce, and to strengthen the capacity for these institutions to respond to the needs of the adults.

(5) That Title II, Academic Library and Information Technology Enhancement, be expanded to provide incentives for educational institutions to promote and to take greater advantage of nonlabor intensive advanced technologies in the teaching/learning process.

In summary, Mr. Chairman, the grave economic and demographic challenges facing our country can only be solved, if employers, education and government work together. Economists say that as

many as 49 million working Americans must upgrade their job skills by the turn of the century. This is an enormous task. It equals the number of Americans who have been educated by the GI Bills and Pell Grants combined over the past 45 years.

The Pell Grant program must be strengthened, and the student aid delivery system simplified to get the job done. The paperwork burdens associated with Federal programs in higher education have roughly doubled since the White House and Congress started their "crusade" a decade ago to eliminate such burdens. These burdens do erode productivity, and we count on Congress to find ways in the reauthorization to simplify the reporting requirements.

Thank you again for this opportunity to testify, and certainly I would be happy to respond to any questions that you might have.

Senator COCHRAN. Thank you very much, Dr. Muse. I appreciate your working your schedule around so you could be here, even though you do have to leave town right away.

Let me ask you something in connection with your suggestion that we combine title I and title XI. That might be a very worthwhile thing to do. One reason would be because title XI has not been funded, I am told, since it was authorized, and we could then maybe get some funds to do some of the things that were goals and objectives of the title, by combing it with title I, which has received some funding.

Mr. MUSE. Right.

Senator COCHRAN. The paperwork burden attracts my attention, too. I just mentioned to Doris Dixon, as you were making those comments, that I want to offer an amendment, when we are working on drafting this legislation to reauthorize the Act, to challenge the department to seek ways to reduce the paperwork burden on colleges and universities. You have got plenty to do, without having to fill out a lot of forms that somebody else does not even read, and I have the suspicion that a lot of these things that do get sent in that are required end up getting put somewhere and nobody pays any attention to them anyway. Now, that may be just a cynical view, but I think in the 18 years I have been in Washington, I really believe things like that happen.

Mr. MUSE. I know that you have been working on that and we appreciate that.

Senator COCHRAN. We do hope that we can achieve some success in that. I think that is very important to bring to our attention, and you have my assurance that I am going to work hard to see that is a part of the reauthorization Act.

Thank you for being here, and you can go ahead. I do not want you to miss that plane and be mad at me. I will tell my mother and daddy I saw you.

Mr. MUSE. Thank you, Mr. Chairman.

Senator COCHRAN. We appreciate this panel being here, and I am going to call on the panel to present your statements in the order in which I asked you to come forward. Ms. Lee, you are number one. Ms. Lee is director of special programs, the TRIO programs, specifically, at Tougaloo College.

Welcome.

Ms. LEE. Good morning. Thank you.

Senator Cochran, Ms. Dixon, members of the subcommittee, my name is Belinda Lee and I direct three TRIO programs at Tougaloo College, in Tougaloo, MS.

Tougaloo is located now in metropolitan Jackson. These include student support services which serve 150 students presently enrolled at Tougaloo, as well as 1,180 high school students from the surrounding counties, Hinds, Madison, Rankin, Leake, Holmes, Claiborne, Attala and Lauderdale.

I am also here today as past-president of the Mississippi Association of Educational Opportunity Program Personnel. The 31 TRIO programs in Mississippi together received $4.5 million in fiscal 1990, academic year 1990-91, to serve 7,370 students. I am honored today to testify before the subcommittee and to share with you my views on the reauthorization of the Higher Education Act.

As the immediate past-president of the Mississippi Association of Educational Opportunity Program Personnel, I was very much involved in that association's deliberations regarding the reauthorization. After a series of hearings and meetings within the Southeast, we joined with our TRIO colleagues from across the country and developed the recommendations on the TRIO subpart submitted by the National Council of Educational Opportunity Associations. I and my colleagues in Mississippi are fully supportive of those recommendations, and I would like to highlight several principles imbedded in them during my testimony.

(1) The need to preserve the present structure for delivering access and retention services to low-income, first-generation students:

As Secretary Alexander indicated in his testimony before this subcommittee, the administration intends to recommend the elimination of the current system of pre-college programs authorized under the TRIO subpart. Three programs now provide these services: Educational Opportunity Centers, Talent Search, and Upward Bound. There are presently four Talent Search programs serving 3,700 students, and 10 Upward Bound programs serving 812 students in Mississippi. None of the 40 presently funded EOC's are located within our State.

The present structure of delivering pre-college services has evolved and been improved upon over the 25-year period since initial passage of the Higher Education Act of 1965. Many Talent Search and Upward Bound programs in Mississippi have been operating effectively for over 20 years. It seems, at best, imprudent to dissolve this effective network for delivering services, a network which enjoys the respect of the administration and the Congress alike, in order to replace it with an untried model.

Moreover, there is some evidence that when programs are funded on a formula basis, as the administration proposes, rather than on the basis of demonstrated interest and capability to provide service, the quality of services available will decline. Certainly, Mississippi has done much in recent years to improve the quality of educational programs available within the State.

Dr. Cleere comments that block grants would help with the State's priorities. However, increasing access and retention of low-income an first-generation students to higher education has not traditionally been one of the State's major priorities. While two

small programs, jobs for Mississippi graduates and Career Beginnings, have been funded in recent years, unlike the TRIO program, the jobs program is limited to publicly supported high schools.

(2) The need for services for low-income individuals at all stages of the educational pipeline:

One of the TRIO programs, Talent Search, is presently authorized to work with students as early as the 7th grade and, of course, Educational Opportunity Centers focus on out-of-school adults. Other TRIO programs, Upward Bound, Student Support Services, and the Ronald E. McNair Post-Baccalaureate Achievement program, offer more intensive instructional and counseling services to students enrolled in high school or college.

The NCEOA recommendations would enable Talent Search programs to begin working with students even earlier, in middle schools. They would also, very importantly, retain the EOC focus on adults. We presently do not have an EOC in the State, but one is certainly needed to assist workers and persons dependent on public assistance, to find out how they can acquire the skills necessary for tomorrow's economy.

(3) The need to assure that services provided to low-income, first-generation students are sustained and comprehensive:

Another principle which undergirds many of the NCEOA recommendations, including listing of permissible services for EOC's and Talent Search in the legislation, establishing a base grant, moving to a 5-year grant cycle, is the intent to increase the consistency, reliability and intensity of services we are able to offer to our clients.

Many low-income and first-generation students face barriers to educational attainment which would confound young people from traditional backgrounds. Lack of finances not only serves as a barrier to college admission, but it complicates almost every aspect of everyday life, finding a safe residence, feeding one's dependents, moving from place to place, and finding good child care.

The Mississippi State Association of TRIO Personnel recently polled the projects in the State, to determine their ability to serve more students and the need to provide more intensive services. All except 2 would willingly serve more students and could demonstrate that substantial unmet need for their services existed at their institutions and within their communities. Providing the administrative protections recommended by the NCEOA would allow many Mississippi projects to do so.

(4) Authorizing ongoing evaluations of the TRIO programs for the purposes of project improvement:

Among the NCEOA recommendations is one that would authorize the Department of Education to conduct ongoing long-term evaluations of each of the TRIO programs, in order to improve the effectiveness of the services our projects provide. Most of us who work in TRIO programs come face to face on a daily basis with students and families who have a sincere desire to improve the quality of their lives and to become more productive contributors to society.

Contact with such young people and adults provides more than enough motivation to want to do a better job of providing them a realistic opportunity to earn a college degree. This year, for the first time in over a decade, the Department of Education began a

long-term study of one of the TRIO programs, in this case, Student Support Services. However, this evaluation required special enabling language from the Appropriations Committees. We are recommending that such evaluations be continued and be authorized in the regular language of the TRIO subpart.

(5) The need for institutional flexibility in designing the delivery of TRIO services on a particular campus:

Present regulations require funded TRIO projects to have a full-time TRIO director. If this requirement were uniformly applied, many institutions in Mississippi, including my own, would be required to increase the administrative costs of operating TRIO programs. Moreover, such regulations limit the degree to which TRIO programs and institutional and State funded programs can be administered in a cooperative fashion. We are encouraging changes in the law which would promote, rather than discourage, such cost-saving approaches.

Senator Cochran, I deeply appreciate the opportunity to testify today and would be pleased to answer any questions you might have.

[The prepared statement of Ms. Lee follows:]

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PREPARED STATEMENT OF MS. LEE

Senator Pell, Senator Cochran, Members of the Subcommittee, my name is Belinda Lee and I direct three TRIO programs at Tougaloo College in Tougaloo, Mississippi. These include Student Support Services which serves 150 students presently enrolled at Tougaloo, as well as 1,180 high school students from the surrounding counties: Hinds, Madison, Rankin, Leake, Holmes, Claiborne, Attala and Lauderdale. I am also here today as Past-President of the Mississippi Association of Educational Opportunity Program Personnel. The 31 TRIO programs in Mississippi together received $4.5 million in Fiscal 1990 (academic year 1990-1991) to serve 7,370 students. I am honored today to testify before the Subcommittee and to share with you my views on the reauthorization of the Higher Education Act.

As a recent past-president of the Mississippi Association of Educational Opportunity Program Personnel, I was very much involved in that Association's deliberations regarding the reauthorization. After a series of hearings and meetings within the southeast, we joined with our TRIO colleagues from across the country and developed the recommendations on the TRIO subpart submitted by the National Council of Educational Opportunity Associations. I and my colleagues in Mississippi are fully supportive of those recommendations and I would like to highlight several principles imbedded in them during my testimony.

The Need to Preserve the Present Structure for Delivering Access and Retention Services to Low-Income, First-Generation Students

As Secretary Alexander indicated in his testimony before this Subcommittee, the Administration intends to recommend the elimination of the current system of pre-college programs authorized under the TRIO subpart. Three programs now provide these services: Educational Opportunity Centers, Talent Search and Upward Bound. There are presently 4 Talent Search programs and 10 Upward Bound projects in Mississippi (see attached). None of the 40 presently funded EOC's are located within the state.

The present structure of delivering pre-college services has evolved and been improved upon over the twenty-five year period since initial passage of the Higher Education Act of 1965. Many Talent Search and Upward Bound programs in Mississippi have been operating effectively for over twenty years. It seems at best imprudent to dissolve this effective network for delivering services -- a network which enjoys the respect of the Administration and the Congress alike, in order to replace it with an untried model.

Moreover, there is some evidence that when programs are funded on a formula basis (as the Administration proposes) rather than on the basis of demonstrated interest and capacity to provide the service, the quality of services available will decline. Certainly Mississippi has done much in recent years to improve the quality of educational programs available within the state. However, increasing access and retention of low-income and first-generation students to higher education has not been one of the state's major priorities. While a small program, Jobs for Mississippi Graduates, has been funded in recent years, unlike the TRIO programs, Jobs is limited to publicly supported institutions.

The Need for Services for Low-Income Individuals at All Stages of the Educational Pipeline

One of the TRIO programs, Talent Search, is presently authorized to work with students as early as the seventh grade and, of course, Educational Opportunity Centers focus on out-of-school adults. Other TRIO programs -- Upward Bound, Student Support Services, and the Ronald E. McNair Post-baccalaureate Achievement Program, offer more intensive instructional and counseling services to students enrolled in high school or college.

The NCEOA recommendations would enable Talent Search programs to begin working with students even earlier -- in middle schools. They would also, very importantly, retain the EOC focus on adults. We presently do not have an EOC in the state but one is certainly needed to assist workers and persons dependent on public assistance to find out how they can acquire the skills necessary for tomorrow's economy.

The Need to Assure that Services Provided to Low-Income, First-Generation Students are Sustained and Comprehensive

Another principle which undergirds many of the NCEOA recommendations -- including listing of permissible services for EOC's and Talent Search in the legislation, establishing a base grant, moving to a five-year grant cycle -- is the intent to increase the consistency, reliability and intensity of services we are able to offer to our clients.

Many low-income and first-generation students face barriers to educational attainment which would confound young people from traditional backgrounds. Lack of finances not only serves as a barrier to college admission but it complicates almost every aspect of everyday life: finding a safe residence, feeding one's dependents, moving from place to place, and finding good child care.

The Mississippi state association of TRIO personnel recently polled the projects in the state to determine their ability to serve more students and the need to provide more intensive services. All except two would willingly serve more students and could demonstrate that substantial unmet need for their services existed at their institutions and within their communities. Providing the administrative protections recommended by the NCEOA would allow many Mississippi projects to do so.

Authorizing On-Going Evaluations of the TRIO Programs for the Purposes of Project Improvement

Among the NCEOA recommendations is one that would authorize the Department of Education to conduct on-going, long-term evaluations of each of the TRIO programs in order to improve the effectiveness of services our projects provide. Most of us who work in TRIO programs come face-to-face on a daily basis with students and families who have a sincere desire to improve the quality of their lives and to become more productive contributors to society.

Contact with such young people and adults provides more than enough motivation to want to do a better job of providing them a realistic opportunity to earn a college degree. This year, for the first time in over a decade, the Department of Education began a long-term study of one of the TRIO programs, in this case, Student Support Services. However, this evaluation required special enabling language from the Appropriations Committees. We are recommending that such evaluations be continued and be authorized in the regular language of the TRIO subpart.

The Need for Institutional Flexibility in Designing the Delivery of TRIO Services on a Particular Campus

Present regulations require funded TRIO projects to have a full-time TRIO director. If this requirement were uniformly applied, many institutions in Mississippi, including my own, would be required to increase the administrative costs of operating TRIO projects. Moreover, such regulations limit the degree to which TRIO programs and institutional and state funded programs can be administered in a cooperative fashion. We are encouraging changes in the law which would promote rather than discourage such cost-saving approaches.

Mr. Pell, Mr. Cochran, I deeply appreciate the opportunity to testify today and would be pleased to answer any questions you might have.

TRIO PROJECTS BY STATE

INSTITUTION		STUDENTS	FUNDING
McNair Post-baccalaureate Program			
Rust College		25	104,590.00
1 Project(s)	Total:	25	104,590.00
Student Support Services			
Alcorn State University		300	119,490.00
Coahoma Junior College		150	101,037.00
Copiah-Lincoln Community College		125	100,000.00
Hinds Junior College-Raymond		145	100,000.00
Hinds Junior College-Utica		175	105,115.00
Holmes Junior College		200	115,679.00
Mary Holmes Junior College		200	100,000.00
Mississippi Gulf Coast Community College		250	137,710.00
Mississippi State University		150	100,000.00
Mississippi Valley State University		182	131,450.00
Northeast Mississippi Junior College		150	100,000.00
Northwest Mississippi Community College		156	109,339.00
Pearl River Community College		150	100,000.00
Rust College		200	111,169.00
Tougaloo College		150	100,000.00
William Carey College		150	117,777.00
16 Project(s)	Total:	2,833	1,746,766.00
Talent Search			
Mary Holmes Junior College		800	120,890.00
Mississippi State Department of Education		900	154,960.00
Mississippi Valley State University		1,000	129,687.00
Tougaloo College		1,000	113,482.00
4 Project(s)	Total:	3,700	519,019.00
Upward Bound			
Alcorn State University		60	176,689.00
Coahoma Junior College		65	164,582.00
Copiah-Lincoln Junior College		70	179,445.00
Hinds Community College		50	149,800.00
Jackson State University		92	198,056.00
Mary Holmes Junior College		75	224,909.00
Mississippi Band of Choctaw Indians		70	173,864.00
Mississippi Valley State University		150	353,940.00
Rust College		50	149,800.00
Tougaloo College		130	320,682.00
10 Project(s)	Total:	812	2,091,767.00
31 Institution(s) in MS	Total	7,370	$4,464,142.00

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TRIO PROJECTS BY DISTRICT

MS

District 1

PROJECT	STUDENTS	FUNDING
Coahoma Junior College		
Student Support Services	150	101,037.00
Upward Bound	65	164,582.00
Mississippi State Department of Education		
Talent Search	900	154,960.00
Northwest Mississippi Community College		
Student Support Services	156	109,339.00

District 2

PROJECT	STUDENTS	FUNDING
Holmes Junior College		
Student Support Services	200	115,679.00
Mississippi Valley State University		
Student Support Services	182	131,450.00
Talent Search	1,000	129,687.00
Upward Bound	150	353,940.00

District 3

PROJECT	STUDENTS	FUNDING
Mary Holmes Junior College		
Student Support Services	200	100,000.00
Talent Search	800	120,890.00
Upward Bound	75	224,909.00
Mississippi Band of Choctaw Indians		
Upward Bound	70	173,864.00
Mississippi State University		
Student Support Services	150	100,000.00

District 4

PROJECT	STUDENTS	FUNDING
Alcorn State University		
Student Support Services	300	119,490.00
Upward Bound	60	176,689.00
Copiah-Lincoln Community College		
Student Support Services	125	100,000.00
Copiah-Lincoln Junior College		
Upward Bound	70	179,445.00
Hinds Community College		
Upward Bound	50	149,800.00
Hinds Junior College-Raymond		
Student Support Services	145	100,000.00

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TRIO PROJECTS BY DISTRICT

Hinds Junior College-Utica		
Student Support Services	175	105,115.00
Jackson State University		
Upward Bound	92	198,056.00
Pearl River Community College		
Student Support Services	150	100,000.00
Tougaloo College		
Student Support Services	150	100,000.00
Talent Search	1,000	113,482.00
Touglaoo College		
Upward Bound	130	320,682.00

District 5

PROJECT	STUDENTS	FUNDING
Mississippi Gulf Coast Community College		
Student Support Services	250	137,710.00
Northeast Mississippi Junior College		
Student Support Services	150	100,000.00
Rust College		
McNair Post-baccalaureate Program	25	104,590.00
Student Support Services	200	111,169.00
Upward Bound	50	149,800.00
William Carey College		
Student Support Services	150	117,777.00
MS Districts 5 Total:	7,370	4,464,142.00

Senator COCHRAN. Thank you very much, Ms. Lee. We appreciate your being here and helping us understand better some of the programs that you have had experience in dealing with and working with over the years, in a leadership role, both here in Mississippi and nationally. You have served on many committees and groups, as head of some. I remember your visits to Washington from time to time to communicate with the congressional delegation thoughts and suggestions that you have had. We have benefited from that and we appreciate it.

I want to remind everybody, before we proceed with the rest of the testimony, that we are conducting a hearing under the auspices of the subcommittee chaired by Claiborne Pell in the U.S. Senate, for whom the Pell Grants are named. It is the Subcommittee on Education, Arts and Humanities, and it is a subcommittee of the Committee on Labor and Human Resources.

The committee is chaired by Ted Kennedy, a Senator from Massachusetts, and it is because of the authorization of both the chairman of the full committee and the chairman of the subcommittee that we are able to conduct this hearing and I am able to chair this hearing in Mississippi today, so I want to make that known to all of you, and to express for the record our appreciation to the Chairmen for permitting us to be here today conduct the hearing.

Our next panelist is Jack Woodward, who is director of student financial assistance here at Millsaps College.

Welcome, Jack.

Mr. WOODWARD. Thank you, Senator.

I do thank you and Senator Claiborne Pell, for allowing it to happen in Mississippi. I guess my presentation today is not really asking a great deal, even reconsidering ideas and reauthorization. The simple idea that I have is just simply that, it is simple, it is direct and it is not original with me, but it is a very important one.

The 1980's, as has been pointed out and will be pointed out again, brought about a tremendous cost, a rise in the cost of higher education and postsecondary education, and in so doing, it also strapped the ability of resources and sources of funding of Federal, State and private.

This need for a savings program has been in effect for many, many years. It just has never been implemented. In our own country, we are probably 18th out of 20 of the leading countries throughout the world in our ability to save per capita income, which has created many problems, because when there is not funds in the family or in the government, then you have to go to the marketplace and borrow, and once you have to borrow, you have to pay it back and it becomes as problem of both a Nation which is a debtor Nation of debtors.

The proposal that I have really came out of a situation of existence between family people and higher education and secondary education.

Some 8 years ago, a group of us were called together from throughout the whole Southeast to come to Asheville, NC, to discuss this situation. We sat down for 3 days and discussed the possibility of how a family can afford to send a child to college, if the college costs begin to rise, which it did at that period of time, and they continue to rise. As this has happened and the inevitability,

as this last year showed, many students had to make choices of where they wanted to go, simply because it was based on finances, which became disastrous to the family.

We have talked today, the other people have talked primarily about access. There is also the opportunity of choice as to where a student would like to go. These have become limited much more than just access has become. We have provided and will continue to provide throughout this country for an educational system, but if we are a debtor Nation, if our people are in debt and cannot afford it, as in the State of Mississippi, which we are experiencing right now, not just a crisis, but almost a disastrous situation as to the support of higher education, postsecondary education and even secondary education.

In the news, you may have seen what has happened in California, where they had one of the best and what I would call most glaring examples of how to run a good school system, now about to go under, because State funds are not available to carry on this program.

The State of Tennessee, I was at a meeting in Nashville this weekend, is now having to discuss how to cut back in their situation. In Mississippi, we have had to cut back at our State institutions, both the junior colleges and the senior colleges, a tremendous amount of funds. Therefore, by doing this, we have had to go up on the cost of tuition, because there are not funds to support the financial aid. Where do the funds come from? Therefore, access and choice both are damaged.

So, the idea that came out of that Ashville meeting, which was not original with me, was to find a way and methods of encouraging the family to save and to show them how to do it.

I came back to Jackson after that meeting and met with 7 young people who are in the investment field. I met with them individually, asking them as to how they would prepare for their child's education or if they were. Out of the 7, only one had begun to do anything, and all of them had children above 10 years of age.

Sophisticated people do not do it, and I do not know how you are going to get it to the people who should do it. So, they became very aware of the situation and they sat down with me and we began to discuss how you put this together.

Like any financial aid officer, I am asked from time to time to come speak to parents of juniors and seniors in high school. I took it upon myself once to ask several to the groups that asked me to do that, would you also allow me to talk to the parents of those in the first and second grades, and they readily agreed that we could do it.

I met with them on several occasions, and it was an interesting meeting. In fact, it is a hard meeting to get them together, because very few people at that age want to even think about what college is going to cost. But the misconception among these people as to what the cost of college is and what it will be was just astounding. And then to sit down and tell them that they need to save, very few people say we have any money to save, we cannot put it aside.

So, having some intelligence, the next time I went, I took people who knew better than I did and they took men and they sat down and said this is what you can do, and it was developed from that

several charts that came out and said if you saved $5 a month, this is what you could do, if it paid an interest of 6 percent, 8 percent, and so forth. It was very impressive as to the reaction of these young people in seeing that they could save, and by using even a small amount which they could add to, they could help provide for the college education, and I call that assurance of a college education, because there is no telling what will be in effect some 18 years from the birth of that child.

I have been in this business since Sputnik, since the National Defense Education Act established the National Defense Student Loan program, and it has changed so dramatically, so tremendously. In that year, 1960, the Federal Government was putting $400 million into higher education. As of today, we are putting I think some $12 billion this year into it.

It has grown, and how much it can grow, no one can know whether we will cut back, because during the same period of time, in the 1980's, the Federal dollar has lost its value, because it has not kept up with the increase in inflation, as the financial aid programs are designed. The States have done basically the same thing.

Private enterprise has become more interested, as you mentioned the Louisiana program and several of the others. This will continue, but that, too, will hit a plateau.

The other important thing that came out of our meeting in North Carolina was a reassurance of the realization that the primary responsibility and resource for the education of a child is the family, and not the Federal Government, State government or private. Once they have done everything that they can do, these other resources must be available to help them, but once they have done everything that they do, these other resources must be available to help them.

Therefore, I would like to recommend to the committee that they seriously consider the development of programs that will give incentives to the families to save. The Series E bond is an example that is already in effect. The use of the IRA that is being discussed. All of these programs or any program that can give deferment of payment and tax-exemption will bring about a greater savings among us. But when this is done, we still need a method of bringing this information to the family, and I would suggest that pilot programs, which are being tried throughout the country, would be brought together and would be documented and sent out to communities for their use.

The program that we have in the Jackson area when I approached the public schools, they were very gratified to work with. The biggest problem that I had, the two people I were dealing with, one retired before we got into it too deeply, and the other one died of cancer. Therefore, we are beginning to do the program all over again and reapproach the Jackson public schools.

I do believe that this is one of the ways that a family can assure, and so I would suggest that any reauthorization, serious consideration be given to programs that would help the family in this area.

Thank you.

[The prepared statement of Mr. Woodward follows:]

PREPARED STATEMENT OF MR. WOODWARD

Savings as a Method of Assuring a College Education

Presentation to the Sub-Committee on Education, Arts, and Humanities hearing on the Reauthorization of the Higher Education Act on May 2, 1991 in Jackson, MS.

I would like to thank the members of the committee for the opportunity to present this idea to them. As reauthorization takes place and many ideas and thoughts will be given to methods of changing or to strengthening the existing programs that we have, I would like to bring about some consideration for an idea that is neither original with me nor is earth shaking. The idea is simple in both thought and execution. The difficulty comes from the families recognition of the importance and desirability of such a program.

In the 1980's the cost of post secondary education began to increase at a very rapid and continuous rate. It outstripped the inflation rate by several percentage points each year. In doing this it put the reality of a college education further and further away from many people and limited the choices of many others. At the same time, the family's ability to pay for this increase became less and less. Sources of financial assistance for the family became more limited. These sources are generally considered to be the federal government, the state government and private resources.

In the same period of time of the 1980's the federal support has at best remained constant with a small increase thereby rendering the value of the dollar placed in higher education at a lesser value each year. The various federal loan programs have rapidly come to the forefront as the mainstay for paying for the student's education. Funding for grants and work have begun to decrease in their value and appropriations from the federal government have been limited because of the various problems brought on by the economy of our country. I will not try to even explore the many causes of both pro and con for this situation. It suffices to say that the situation has developed that federal support has demised in actual dollar value.

The same economic situation has brought about an even greater problem in the state government. Therefore, support for post secondary education in many states has become at best a critical problem. In the State of Mississippi it is a crisis problem. Not only has the increase in funds not been available but institutions have been requested to take cuts. This problem at this time appears to be a continuing situation for the next several years.

Private support both from foundations and institutions has increased to some degree. However, the increase has not be able to offset the decrease in the other areas that we have mentioned. Each post-secondary institution has had to increase it's own

revenue by either contributions from outside sources or passing the cost onto the consumer. The consumer, in most cases, is no better off than the governments or private resources in their ability to provide additional funds. Therefore, it appears that the situation feeds on itself and will, if not changed, bring about a mediocre if not inferior post-secondary education throughout our country.

There will be many other people today who will express ideas and concepts concerning the sources that we have just mentioned. I would like to turn my attention to the consumer and what they can do to help alleviate this educational crisis. As stated above the plan that I put forth is simple, direct and very effective. The United States has for many years lagged behind many of the other leading nations of the world in the area of family saving. This in itself has created many financial problems for our economy. The ready availability of cash is a vital foundation in the structure of any successful economy. Without this the consumer and the government when in need of funds must go to the market and borrow these funds. The outcome of this is simply a debtor nation made up of a debtor people. I don't put forth this idea to save the nation because I don't think in itself it could. But at least it can prepare the family for many eventualities and at this point one of the most important of these eventualities is the education of the children of a family.

Some eight years ago a group of people from throughout the southeastern United States who work in the area of financial aid were called together for a meeting in Ashville, North Carolina to discuss this situation. I was privileged to be a part of that group. In our discussions we dealt with the history that I have already given concerning the rise in the cost of education and the shrinking of the sources of assistance.

Many ideas were put forth and discussed. The basic reality that stood out was that the family is still the primary source of funds for payment for a post secondary education. Now the question is what can we do to help them. The overall conclusion was that we need to educate the families very early as to the projected cost and methods of meeting that cost of a post-secondary education. It would be an understatement if I said many ideas came out of this meeting, but the most important idea was that of preparing the family in some manner to consider varied options of preparing for the cost of a post-secondary education.

When I returned to Jackson, I discussed this matter with some seven people in various fields of financial expertise. These seven people agreed that over a period of time they would be willing to consider ideas as to how best a family should prepare itself for this eventuality. I am deeply indebted to each of these people for the work and time that they put into this project. Each one had their own expertise in an investment field and they did their best to provide ideas and concepts from their

area as a way for a family to prepare for the cost of a post-secondary education. All of this is well and good, but then the question arises how do you get this information to the families?

For many years I have had the opportunity and privilege of speaking to many parent groups at various high schools in our state and adjoining states concerning the cost of education and how to pay for it. Doing this with this age group is important but it is almost too late to help the family help itself. The thought began to appear in discussions with other people in financial aid as to how we could get this information to the family at an earlier enough time. On several occasions I asked those people who requested that I come to speak to their juniors and seniors if it might also be possible if I could speak to the parents of those in the first and second grades. Several agreed that this would be a good experiment that might show productivity and they were gracious enough to arrange such a meeting. The meetings were successful in the sense that the parents were receptive but also cautious as to their ability to put aside such funds. The next several times that I carried out this procedure I asked one or two persons in investments to come and present different ways that a family could set aside funds and to show them the profitability of such a program. This was very successful and enlightening to these young parents. To understand that by setting aside a small portion of funds and to increase that contribution as they were able did not seem as difficult a task as they previously had thought. The clincher was the outcome of such a savings plan in actual funds saved.

Following these meetings, over a period some six months, I approached two friends of mine with the Jackson Public Schools concerning the possibility of setting up a pilot program to do this type of activity in the Jackson Public Schools. Both persons were very receptive to the idea and were willing to work with me concerning such an undertaking. One of the individuals was in the counseling area the other one worked with the elementary schools. Sometime was put into the project as to the logistics of how to get the parents interested in attending such a meeting and to make certain that the presentations would be realistic and would offer something of value for those parents or parent who would be present at the meeting. During this time I had the opportunity to participate in several experimental presentations at both public and private schools. Through these presentations with the help of qualified financial advisors we began to fine tune the presentation and the type program that would best suit an overall situation.

At this point I hasten to add that one of the participants from the Jackson Public School was to retire and the other person became ill with cancer and died within a short period of time. It is still our plan to present this program to other officials whom I also believe will be readily available and willing to work with such a program. It is a good type of presentation and it gets to the parent at an early stage. It is something that is

not original as stated before and is very simple but it is something that does require effort and time.

With all this said, I would like to request that this sub-committee give real consideration to the development of programs that would help parents if they are willing to save. Already the use of the Series E Savings Bond and other tax exemption for education are a start and a very good start, but other breaks which would encourage saving must come forth. It is vital that the young parents realize that their effort will be profitable and will assist in providing funds for their child's education. I would also urge the sub-committee to give real consideration to the development of projects which encourage the young parent to participate in savings as a manner of not only providing for education but for emergencies in life and retirement. Many private groups are doing such programs and it might be most useful if these efforts could be identified and the information passed on to those of us in the area of post secondary education. We cannot rely upon the loan as the major form of payment for post-secondary education. The consequence of such a situation would be disastrous to the family, post-secondary education, and the nation.

Respectively submitted,

LFW

Jack L. Woodward
Director of Student Aid
Financial Planning
Millsaps College

Senator COCHRAN. Jack, I appreciate your being here and giving us that perspective, which is very provoking and very interesting, and I hope that we can learn from some of your comments about how important and how we need to emphasize the continued importance of these contributions to higher education from individuals and families.

I will be able to discuss this with you in a bit more detail after we hear from Dr. Ted Alexander, who is our final panelist on the second panel. Dr. Alexander, as you know, is president of Pearl River Community College. I remember him when he was in high school administration in Pike County, a good friend, one of our fine resources here in Mississippi.

Ted, you may proceed.

Mr. Alexander. Senator, thank you very much. I will not take but 5 minutes. I know we are getting close to the break and I want to leave a minute or 2, in case you have any questions.

We welcome you back to Mississippi for this purpose and appreciate the fact that, as an alumnus of Millsaps, you chose this particular location to have your location.

Our national community college/junior system of higher education has historically provided the opportunity for high—quality, low-cost education and occupational training to students with vocational, technical or academic aspirations. We have welcomed and served individuals from all socioeconomic levels of society, and by doing so, we have opened the doors to hundreds of thousands who otherwise would never have had an opportunity to improve the quality of life for themselves and for their families.

By fulfilling this responsibility, we know that we have to do some what we call futurist planning for today, for tomorrow, that they know people have an opportunity to know their community needs, both students and the general community, and that the colleges have an opportunity to fully analyze our resources and limitations, and then that we move forward to act with the assistance of both State and Federal help to fulfill our mission, based on those components.

The major issues and conditions of the future must be utilized in the programs of today, so that the citizens of the year 2000, which is just 9 years away, are prepared to be productive. The major issues and conditions of the 1990's projected to the year 2000 are a global economy, free-market socialism, which seems to be desperately trying to assert itself in the Soviet Union and other countries at this time, global lifestyles, cultural nationalism, and small-time entrepreneurship, which we in Mississippi community colleges are in a process of developing through our own small business development centers, along with some other alternatives to a welfare State.

Too, we are witnessing some significant changes in the workforce where we see an ever-increasing percentage of women and minorities, advances in biotechnological research and applications, which is increasing exponentially at this time, a revival of interest in spiritual and religious issues of concern, a resurgence of individualism and a continuing renaissance of the arts, which we are pleased to see taking place.

Our community colleges are increasingly expected to supply technical skills and additional means for processing information. This requires some additional technology, media and telecommunications equipment, along with technicians and trainers to expedite the utilization of same. The cost of equipment, trainers and materials, at a time when less dollars are available, is approaching the point where it is almost prohibitive.

For example, a very basic piece of equipment for a robotic-CIM system in our automated manufacturing program at Pearl River Community College costs us $125,000, and yet it has as projected utilization of only 7 years. A classroom mainframe computer setup costs a minimum of $145,000, with an expected productive utilization of only 3 to 5 years.

Other requirements facing us are trained faculty and personnel who must have ongoing professional development to remain current, cultural and arts education for global understanding and individual needs, support services for students and linkages with other entities, such as the public schools, other community colleges, universities and business and industry, to meet the needs that cannot be met by one entity, just in and of itself.

Preparing 17-year-old high school graduates for a bachelor's degree can no longer be considered the college's major effort. The preparing of the adult and young person by providing for them additional technical skills is rapidly becoming the norm. Colleges are increasingly the retraining sites for the young and the adult of today and tomorrow.

The average worker will change jobs almost 7 times and change major occupations a minimum of 3 times within a lifetime. The proportion of persons 16 to 24 years old will shrink, from 30 percent of the total U.S. population in 1985, to 16 percent by the year 2000. Over 90 percent of the people who will be working in the year 2000 are already in the workforce.

At the present time, for the next decade, 3 out of 4 above minimum wage jobs will require some education or technical training beyond high school. Several major studies have confirmed the fact that 80 percent of the jobs available from this point forward to the year 2000 and beyond, will require some technical training beyond high school, but will not necessarily require a bachelor's degree.

Our 2-year colleges are the fastest growing segment of education in America. More than 5.7 million students are attending the Nation's 1,200-plus 2-year colleges, 66,000 of those in Mississippi community colleges. Pearl River Community College is an example of this growth, where enrollment has increased above the national average every year for the last 5 years. Our enrollment has doubled since 1985.

The difference in average monthly earnings is most significant for those receiving this additional training above that reflected by a high school diploma. For example, persons earning an associate degree can expect to earn 32.6 percent more salary or wages than persons holding only a high school diploma.

With diminished resources, we are expected to serve even more a population that must have additional educational services over an increasingly longer period of time. We cannot overlook the popula-

tion we are attempting to serve, especially in an area that is requiring the development of the individual on a long-term basis.

The community college population is primarily composed of secondary school transfers and the adult learner, increasingly the adult learner. The needs of these two groups are different and require different services and different approaches in training and retraining, increasingly retraining.

The new-age student requires a new-age support system. The information era has brought about a new family structure, workforce and work ethic, social mores and level of intellectual processing. The community college's effort to foster the total growth and development of this new population we see coming about requires new-age thinking and new-age programs, which will require some additional State and Federal funding. It is imperative that we not experience a reduction in funds provided through either State funds or the Higher Education Act.

I am aware of the fact that you have no control over the State funds, but I am also aware of fact that you influence the funding at the level of higher education. At the same time, we are willing to and think we should be held accountable for the quality of the performance of our students.

The current funding trends, both State and Federal, will not fully address the future occupational training and education needs. It is imperative that the authorization of the Higher Education Act include funding for program development in the area of equipment, training, support services, preventive health care and services, special programs for the disadvantaged and handicapped, biomedical and biotechnology development, cultural arts/global education and institutional planning and networking and linking with other consortia.

We must be sure that the contribution of our funds are proportionate to the institution's training population, particularly those with the most obstacles to overcome, so that the door does not close for those in need of services provided by the colleges in Mississippi and in America.

I would be happy to respond to any questions.

Senator COCHRAN. Thank you very much, Dr. Alexander, for your comments. It is an important thing for us to look at it. I think the nontraditional student who is now more than ever realizing that they need to go back to college and they need to pursue further training to upgrade skills and deal with the challenges of the modern workplace.

Dr. Lamar Alexander, your cousin—I guess you are not related to Lamar Alexander——

Mr. ALEXANDER. We are in Tennessee and Kentucky, so somewhere along the line we might have been, I do not know.

Senator COCHRAN. What reminded me of that was his comments the other day, at his hearing when we were confirming him as the new Secretary of Education, he was talking about his experience at the University of Tennessee. People talk about graduation rates and people getting through college in 4 years, he says now, more than ever before, people are taking longer to graduate, because they are working while they are going to school, and I guess that is a nontraditional student that we are seeing more of nowadays.

He said, usually at graduations, you had parents of students who were there to witness the event and cheer on the student who receives his diploma, and he says now you hear from out in the audience, "Way to go, mom," or "Hey, dad, that's great," people going back to school getting their degrees later in life, for various reasons.

One of the things that we have been trying to emphasize at the Federal level is support for literacy training, people who realize that they need some basic skills and these needs have been ignored or sort of hidden in the past, but now people are beginning to realize it is time to do something about those.

In Title I of the Higher Education Act, there is some funding for a literacy corps program in the Higher Education Act. I wonder whether or not you have seen any benefits from these funds, or whether we need to take a look at putting greater emphasis on Federal funds to support activities that you have described that you are engaged in there, dealing with gender gaps and some of the barriers that existed in the workplace and in the education setting, as well.

Mr. ALEXANDER. The most startling example I can think of is one that is fairly recently. As you know, we lost the Mississippi Army ammunition plant, and when that plant closed, we had over 1,700 people who found themselves out of work, and 960 of them lived in Pearl River County and 380 of those people in Hancock County, which is immediately adjacent to Pearl River County.

We were able to secure some funding from the United States Department of Labor, some EDWA funds in this instance, and we did provide over a year of retraining efforts, primarily utilizing some customized software with PC's for those people that enabled them to upgrade their skills, upgrade their literacy fields, to provide them to be in a position to be more competitive, to compete for some jobs that were going to be available at NASA, in the southern part of the State.

On our campus, we are increasingly utilizing every opportunity we can to secure funds for additional literacy training. We do have many nontraditional students, Senator, who come to us, many of whom who have not completed high school, but who have some very basic skills. I have seen in the last 5 years a lot of those students complete their developmental work, with the assistance of the college, earn an associate degree an go on to work toward a bachelor's degree.

So, yes, we will need to continue to provide some resources that need to be made available to assist those people who are nontraditional, but who are realizing increasingly that if they do not have the skills that it takes to be competitive for the technical jobs that are available at this point in time, then they are doomed to a life of less than what they will have to have, in order to provide for themselves and their families.

Senator COCHRAN. I remember the last time I was on your campus, I was impressed with the relationship you had developed with NASA, where you identified jobs in the future that they expected would be available there or in the region. Because of projects that were being developed at NASA for which skills would be needed that did not exist in the workplace, you helped design an

education program to try to equip students with the skills 2 and 3 years down the road that they could then use to fill these projected job needs.

Mr. ALEXANDER. We are fully into that.

Senator COCHRAN. How is that going?

Mr. ALEXANDER. It is going real well.

Senator COCHRAN. And has that been a success?

Mr. ALEXANDER. With the help of the Board of Supervisors, we have completed finally the construction of a 50,000 square-foot technology training center, and there we offer instrumentation technology, electronics technology, data processing technology, micro-computer technology, compute-assisted drafting and design, along with some other technical programs that will assist us with the relationship that we have established with NASA, SFERDRA, Pan American, and some other companies that are located at the NASA site, to train for skills that they will have to have to be competitive for jobs that they will have available.

Senator COCHRAN. How many students do you have right now that you would say would be involved at Pearl River Community College in that kind of training program?

Mr. ALEXANDER. In technical education?

Senator COCHRAN. Yes.

Mr. ALEXANDER. Probably between 400 and 500 at this point in time, but that does not include those students who we have in a co-op program who are working part-time at NASA, and it does not include the students who are full-time employees at those plants, where we have a campus set up at NASA, where they receive some on-site training.

Senator COCHRAN. Are there Federal funds involved in those programs, supporting those programs? If so, what are they?

Mr. ALEXANDER. No.

Senator COCHRAN. There are not?

Mr. ALEXANDER. Only vocational funds for some equipment. As you know, we are in danger of losing the support that we have to have from this point forward to increase the amount of dollars that it takes to purchase the kind of equipment I spoke of here, in order to be competitive in our training efforts.

Senator COCHRAN. Is that available to you under the Vocational Education Act?

Mr. ALEXANDER. Very little of it. Very little of it. There is not enough money for the equipment that it takes to support that type of training.

Senator COCHRAN. Ms. Lee, in discussing the TRIO program, I was looking at the proposal that we have seen from the Department of Education to modify that program. Even though there is a request for a significant increase in funding for TRIO for the next fiscal year from the Department of Education, there is also a recommendation that Congress consider allocating the money directly to the States and letting the States distribute it, combining it into kind of a block grant program of sorts. You may have touched on this and commented on it in your statement, but what is your reaction to that? Even if we would receive a larger amount of money, would you think that would be a good way to handle it?

Ms. LEE. We certainly need additional moneys to fund the programs that we have. One of the things that I did before this hearing was to contact project directors in our State, and they all indicated, with the exception of 2, that they could use additional moneys now to serve students in their communities and at their institutions, so we certainly are in favor of additional moneys to fund the program.

However, we do have concerns at the State, regional and national level in regard to the block grant proposal. We have a structure in place that has worked and worked effectively for 25 years. The fact that the President did recommend an increase in funds for TRIO I think speaks to the effectiveness of our programs over the years. We are not sure, however, that the block grant proposal would insure that the kinds of institutions who currently receive that money would continue to receive the money. There is the possibility that the funding agencies would be different, that the kinds of institutions who receive the money would be different, that the safeguards that we have sought to secure over the 25-year history of our programs would no longer be in place.

In addition, we are not sure that the same population that we serve in our programs—our fund is specifically to assist disadvantaged students—would be the thrust that the block grants would take. We have no assurance that any of the things that we have worked for now would be part of the new proposal.

Senator COCHRAN. Mr. Woodward, I was interested in your comments about the Series E savings bond program. This is a program, as I understand it, that has just really begun in January of last year, where families with annual family incomes below $40,000 are eligible to earn tax-free interest on U.S. Savings Bonds when the proceeds are used for educational purposes. Do you think this is going to be a good incentive that will be helpful to parents who want to save for their children's educational needs?

Mr. WOODWARD. I think it would be a very good incentive for them. For a long time, we have had people who have saved through their payroll deduction by buying Series E bonds, who have done that as a part of their retirement and working for any situation. But still there is a large number of people out there who are not even aware that this exists at this time and, therefore, the information has to get out to them.

I am a little bit disturbed at the $40,000 cap that is on there also, because the people who are going to really have to pay for it who will not qualify for Federal programs or State programs of financial aid are going to be the ones that have to pay the burden of the bill and they are the ones who should have the opportunity and advantage of doing this. I also think it would help those with a lesser income. The cap bothers me a great deal. I think it is too low. I think it at least ought to cover middle-income, whatever that is, depending on whichever status you are in.

Senator COCHRAN. President Bush has also recommended that Congress institute a tax incentive plan called a family savings plan, much like an individual retirement account that we were familiar with several years ago, so that accumulation of a fund is exempt from taxation, if they are going to be used for educational

purposes within the family or to buy a home for the first time. That has been his recommendation to the Congress.

Congress has not enacted that yet, but I wonder whether or not that, in your judgment, would be a good thing, also, to be an incentive to encourage that kind of savings.

Mr. WOODWARD. I think it would be very beneficial, because, as you know, there is an outcry for the IRA to come back into existence as it was prior. But anything of that type will give the family the opportunity to see that there will be results at the end of their savings and what it can do.

One of the 7 men and women that I talked with have what I think is the best idea of all. You do not save for education, you save for retirement and the crises that exist between now and the time of retirement, and education becomes one of those crises. Therefore, any part that you save or any way that you come up with an amount, such as the IRA that would give this opportunity, the Series E bonds or whatever, would definitely help the family, but we are still with the problem of getting the information to the people.

Senator COCHRAN. I congratulate you on the program that you have started here at Millsaps to acquaint parents and others at earlier ages of the opportunities they have to provide for their own education needs. These are certainly important things to remember and to get started. We need more of that kind of leadership throughout the country, I think, so I congratulate you and your colleagues for what you are doing.

Right now, we will take a break. There is some coffee outside the hearing room. We will reconvene in about 10 minutes, at which time we will have our third panel.

[Recess.]

Senator COCHRAN. The subcommittee will come to order.

We will reconvene our hearing with our third panel of witnesses for our morning session. I am reminding everyone that we are going to have an afternoon session, as well.

The panel we have with us at this time at the witness table includes Mr. Edward Moore, who is here to tell us about Mississippi Skills 2000, he is president of Moore Career College; Dr. Charlotte Tullos, who is director of career development at the University of Southern Mississippi; Dr. Sandra Burkett, who is the director of the writing/thinking project at Mississippi State University; and Mr. Nathaniel Williams—Nate, as his friends call him—who is a student at the writing/thinking class at Mississippi State University.

This panel's topic for discussion with us this morning is preparing a world class workforce. We appreciate all of you being here, and we will ask Mr. Moore to proceed.

STATEMENT OF EDWARD MOORE, PRESIDENT, MOORE CAREER COLLEGE; DR. CHARLOTTE TULLOS, DIRECTOR, CAREER PLANNING AND PLACEMENT, UNIVERSITY OF SOUTHERN MISSISSIPPI; DR. SANDRA BURKETT, DIRECTOR, WRITING/THINKING PROJECT, MISSISSIPPI STATE UNIVERSITY; AND NATHANIEL WILLIAMS, STUDENT, MISSISSIPPI STATE UNIVERSITY

Mr. MOORE. Thank you, Senator. Thank you, Ms. Dixon, for inviting us here today.

As you said, I am Edward Moore, president of Moore Career College, but also State captain of Skills 2000. Skills 2000 is a coalition of State representatives, government representatives, industry leaders, educators, private career school students, graduates and others, who are assembled to promote the awareness of the role that private career colleges take in educating today's generation for tomorrow's workforce.

I appreciate the opportunity here to share with you my views and look forward to being involved in the structuring of Mississippi's idea of the reauthorization of the Higher Education Act. I also want to thank you for bringing this hearing to Mississippi. We here in Mississippi appreciate that.

Our State is strongly committed to postsecondary education and to the producing of a skilled workforce. We here in Mississippi expect an economic growth over the next 10 years. It is, however, dependent upon the improvement of the human capital here in the State. Without improvement of human capital or without the sources of human capital, we will not be competitive in a global market.

A report recently from the Mississippi Institute of Higher Learning said, "Improved education and skill levels will hold the key to our future." We agree with that. We also feel that the quality of education and how well this education is matched to industry needs and market trends will also be a key in unleashing the economic power that Mississippi is going to enjoy and also the United States.

Private career colleges are prepared to help meet this challenge. We are going to help through hands-on and career-specific training. Through these two areas, we have become appreciated by employers in these areas and our students.

Senator, presently, one-half of all of our Nation's entry-level skilled workforce is produced by private career colleges. Many of our students turn to the private career college for training or for retraining in programs as varied as health care, business, business management, transportation and other crafts.

There are approximately 1.5 million students being served today by the approximately 2,000 private career schools in the Nation. With these schools, we produce approximately 1 million graduates a year. And with an 80 percent placement rate nationally, that means we are putting 800,000 people into the workforce, as contributing members to the tax-paying community every year.

The greatest demand that we are now seeing is for business support occupations, such as accounting, secretarial, and word processing. In fact, the private career school sector provides approximately 36 percent of the Nation's needs in these areas.

We here in the State of Mississippi are projecting approximately 9,000 new jobs that are going to be created within the next 12 to 18 months. The largest portion of these will be in the private sector, particularly in the service industries. Of these 9,000 jobs, approximately 6,000 of these are going to need specific technical career training.

Now, the strength of the private career school industry is the ability to respond to rapid changes, rapid changes in the industry and the workforce then take these changes and apply immediately to the learning environment, and we do this with private capital for our equipment needs.

An example of this was in late in 1987, we have advisory councils for all of our programs. These advisory councils are made up of business leaders and employers who hire our students. They came to us and suggested that we change our software program from Display Write to WordPerfect, because it was becoming the number one software. This was accomplished within an 8-week period in our schools. Within 8 weeks, we are now teaching our graduates WordPerfect.

It is through this type of close relationship with the marketplace and our advisory committee members that we are able to keep our fingers on the pulse of the changing trends of the marketplace. It is also because of this symbiotic relationship that the private career school is able to place 80 percent of its graduates nationwide.

Due to the career-specific and the concentrated hands-on training that the students get in the private career schools, we graduate approximately 66 percent of our students nationally. Now, this could be compared to 46 percent in community colleges and 33 percent in the Job Corps. Now, while these groups of students are experiencing graduation and success, opportunities are drying up for the millions of people who have only a high school diploma.

In fact, the hourly wage for the 25- to 34-year-old male high school graduate actually fell over 18 percent in real terms from 1973 to 1989.

I am by no means suggesting that the private career school education is an end-all solution. It is not. It is just an alternative. The community colleges, the 4-year schools, the private 4-year schools, they offer options who firmly embrace their participation. In fact, I am a product of that 4-year institution environment.

However, we feel that each student should have the opportunity and the alternative to choose his career path and, with that choice of career path, the choice of the type of postsecondary education he should be given, because the kind of postsecondary education that a student chooses will have a direct result, a direct ramification on the type of lifestyle and socioeconomic status that he is going to have for the rest of his life.

Now, the private career school educates the forgotten half. Nationally, we see approximately 20 percent of the people that complete high school actually wind up having a 4-year degree. What happens to the other 80 percent of our students? Where do they get trained? Where do they get educated?

Well, many of those go to other schools. Some come to our schools. All of these students that do not get the 4-year school training, which I was a product of, they still must contend with the

social and economic complexities today of modern life. Skills that many of us were able to learn at an early date, but due to some of their economic and social conditions, they do not get the opportunity to learn these skills. We address these skills very early in our programs, lifelong skills, skills that balance checkbooks, so that these students can exist in life and within our programs.

As a career school owner, I would like to take just a short time to discuss some misconceptions, possibly, about our sector of postsecondary education. There has been much debate recently on the default rates, the default issue. The first thing I would like to say is I really do not feel that is a reflection of the quality of education or the quality of the institution. However, it could very well be a reflection of the population that school decides to serve.

The default rate with the private career school has experienced a 14 percent drop since 1987 to the most recent published statistics. Now, this was accomplished before any Federal legislation was recently passed addressing the default issue. Most of this was a result of the default initiatives of AICS and NATTS and other associations.

Now, as I said before, the big factor is defaults are not an indication of the quality of the educational process, but, rather, an indication or a reflection of the population served, or, better yet, possibly some of these schools have made a commitment to serve all of the students, regardless of their socioeconomic status.

A quick thumbnail sketch of students in Mississippi private career colleges: 28 percent of the students enrolled have incomes of less than $3,000, these are family incomes; 63 percent of the students have incomes of less than $9,000, this is poverty level.

My school, unfortunately, has a default rate of 32 percent. Some people fear that may be high. An example, because of this default rate, two banks recently have stopped making loans to students attending my schools, and this is referenced in the written text. This disheartens me, to see many dreams stamped out, not by a lack of energy or desire and enthusiasm, but possibly a lack of access.

Also, it is my opinion that much of the default problem is due to a grant/loan imbalance. During the 1980's, there was a major shift to move the vehicle of financing postsecondary education from grants to loans. In 1980, 41 percent of the tuition costs were covered by grants. Today, only 26 percent is covered.

Now, we have to remember that this means even the neediest student who attends a school is most often given a burdensome debt. We also have to remember that 28 percent of these have incomes of less than $3,000.

Another example is in Mississippi. In comparing 1989 to 1990, there is an increase of 21 percent in student loans.

I hope we have addressed some of the issues of the workforce, how we participate in the role that private career schools play in developing a workforce, and it is by no mistake that many policymakers feel that this legislation, this reauthorization of the Higher Education Act may be the most important social issue that this Congress addresses. This legislation will impact anybody who has a dream of postsecondary education. On a broader scale, it will solidify our Nation's commitment to education, education opportunities

for all, the poor and the affluent, and to producing a skilled American workforce.

We realize that time is short. We have students that are in attendance today and they ask that, if you have time during the lunch break, they would like to visit with you, and also they ask that we extend the invitation to you and your staff to visit any of our schools, if you could fit that into your busy schedule. We know you are quite busy.

Senator COCHRAN. I do not think we are going to have a lunch break. We had hoped to have one.

Mr. MOORE. We thank you.

Senator COCHRAN. Thank you very much for being here and being a part of our panel on building a world class workforce.

Mr. MOORE. Thank you.

[The prepared statement of Mr. Moore (with attachments) follows:]

PREPARED STATEMENT OF MR. MOORE

Mr. Chairman, good morning. My name is Edward Moore, and I am president of Moore Career College here in Jackson and also head of a state-wide coalition -- Mississippi Skills 2000 -- which consists of industry and state government representatives, private career school students, officials and graduates to promote awareness of private career schools and colleges role in preparing today's generation for tomorrow's workforce. I appreciate having this opportunity to share my views and look forward to working with you on these issues.

First, let me express my thanks to you for holding this hearing on the reauthorization of the Higher Education Act here in Mississippi. Our state is strongly committed to postsecondary education and producing a skilled workforce. As a recent advertising campaign by the Mississippi Department of Economic and Community Development states Mississippi is "The State of Change."

Over the next ten years economic growth in Mississippi is expected to be spurred by the goods-producing sectors of manufacturing and agriculture and the service-producing sectors of service and transportation. Though consistent with national projections, this employment growth is dependent on a number of factors. The improvement of human capital both here in Mississippi and the nation will be critical to the state's ability to compete successfully in the globalized marketplace. As a report from the Mississippi Institutions of Higher Learning said "Improved education and increased skill levels will hold the key

to Mississippi's future in terms of the state's ability to produce top-quality products in the competitive economic environment." The quality of education and how well this education is matched to the employers needs and market trends will be a key to unleashing the economic power in Mississippi and the nation.

Private career schools and colleges are prepared to help us meet this challenge. Through the hands-on and career specific training they provide their students, they have forged unique relationships with employers and students. These relationships will play an important role in building a skilled workforce.

EMPLOYERS - DEMAND AND SUPPLY RELATIONSHIP

Last year, trade and technical schools produced about one-half of the nation's trained entry-level workers. Millions of unskilled Americans turn to trade and technical schools to learn a marketable job skill. These students are enrolled in programs varying from health, business management and support to general technologies such as transportation and crafts. The two largest private career school associations are the Association of Independent Schools and Colleges and the National Association of Trade and Technical Schools. They serve nearly 1.5 million people, attending more than 2,000 private career colleges and schools nationwide. The following chart shows the type of training these students receive:

Annual Enrollment in NATTS/AICS Accredited Schools by Type of School (1989)

Program Cluster	Enrollment (Full-time)	
	NATTS	AICS
Allied Health	71,909	52,993
Arts and Communication	33,947	4,862
Business Management and Marketing	13,183	64,638
Business Support and Operations	51,858	289,841
Engineering, Science and Related Technologies	56,886	52,849
General Technologies, Transportation, and Crafts	220,641	11,175
Social and Personal Services	14,013	14,420
Other Programs	284,064	232,162
Total	747,301	722,440

The importance of private career schools and colleges to the nation's economy is demonstrated through the way they match a supply of trained individuals to the demands of the labor force.

Since the late 1970s, twenty million new jobs have been created in the United States. With this economic growth, there has been a dramatic increase in the use of technology by the labor force, and the move from manufacturing to services. Ninety percent of the jobs created since the late 1970s have been in the service and information sectors of the economy.

By the year 2000, nearly 80 percent of the jobs will be in the service industry in areas such as health care and data processing. The following chart shows the anticipated growth in certain occupations, the annual demand for new workers, and the gap between the numbers we are now training and the numbers we

will need in the year 2000.

Estimated and Projected Employment and
Comparison of Labor Demand with Institutional Supply*

Program/ Occupation Cluster	Employment (in Thous.) 1988	2000	Percent Change	Annual Demand	Currently Enrolled
Allied Health	2,361	3,226	36.6%	397,977	124,902
Arts and Communications	1,257	1,495	13.9%	129,992	38,809
Business Mgt and Marketing	17,816	21,623	21.4%	570,308	77,821
Business Support and Operations	18,121	20,463	12.9%	2,658,503	341,699
Engineering Science and Related Technologies	2,404	3,493	45.3%	146,855	109,735
General Technologies, Transportation, and Crafts	11,450	12,621	10.2%	1,363,782	231,816
Social and Personal Services	8,094	9,686	19.7%	1,152,103	28,433

*Occupational Projects and Training Data, 1988 edition, U.S. Department of Labor, Bureau of Labor Statistics.

The greatest demand for workers is in business support occupations such as accountants, general office workers, secretaries and word processors. More than 340,000 students are enrolled in educational programs for business support positions. Of this supply, 36 percent come from private career schools. Also the estimated annual demand of 1.3 million workers in the general

enrollment of 231,816 students in these fields which has become over 25 percent of the total supply.

Here in Mississippi, private career schools and colleges are doing their part to train skilled workers in a variety of technical fields ranging from computer programming, health care, travel and tourism to transportation.

Last year alone, 8,889 students were enrolled in private career schools and colleges in Mississippi and 3,587 graduated in these technical fields.

In Mississippi, 8,800 new jobs will be added to our economy in the next year. Of those new jobs, the highest increase will be in the private sector particularly in the service industries. Five-thousand nine-hundred new jobs will be created in the service sector requiring specific career education.

An important component of all private career school programs is the ability to incorporate the rapid changes occurring in the job marketplace to the actual learning program in the school. For instance, at Moore Career College, each particular program has a Business Advisory Council consisting of employers in the local community who oversee trends in that field and relay these changes to our curriculum developers and instructors. In 1988, the Business Advisory Council for our word processing program relayed to us the importance of the word perfect computer program over the display write we were teaching. In eight weeks time from that disclosure, we were able to input this change into our program offerings.

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It is through the fundamental oversight of these councils and other community members that private career schools and colleges are able to keep their "fingers" on the pulse of rapid technological change in any of our career fields. From the private career school to the local business, each has realized the important symbiotic relationship they have, to produce skilled workers for local industries.

To successfully serve the businesses in our communities, private career schools employ professionals from the various industries to administer instruction. As a recent U.S. News & World Report article stated when discussing changes in MBA programs that focused on bringing real-world concerns into the classroom: The switch in response to the ongoing economic downturn -- and also to a growing conviction that improving product development and production is key to national prosperity. The schools face ever increasing pressure to adjust to the needs of their customers -- employers and students."

Through these close ties to the business community, at Moore Career College we are able to place on average 80 percent of our graduates in jobs in related fields.

Additionally, because of the career-specific and hands-on training our students receive, 66 percent graduate from private career school education programs nationwide. This is compared to the 46 percent graduation rate of community colleges and the 33 percent completion rate for Job Corp programs.

GRADUATION RATES

INSTITUTION	GRADUATION RATE
PRIVATE CAREER SCHOOLS & COLLEGES	61%
COMMUNITY COLLEGES	46%
PRIVATE FOUR YEAR	43%
PUBLIC FOUR YEAR	38%
JOB CORP	33%

STUDENTS

A number of influential studies have been done regarding the status of our young people. Rather than rehashing many of the statistics which I know many of us our familiar with -- I would just like to highlight a few:

- o the population with four or more years of education beyond high school is 16 percent;
- o 33.5% of our nation's population aged 25 and over does not have a high school diploma;
- o 2.49 million students graduated from high school in 1988-89, an 8.6 percent decrease since 1980-81; and
- o 30% of elementary and secondary public school students are minorities, but only 18.4% of college students are from minority groups.

These figures suggest that a large portion of our population specifically the age group 17-24 years old are "falling through the cracks." The W.T. Grant Foundation called this group "The Forgotten Half" and asked what happens when they tragically drop

out of high school? The answer it seemed not only encompassed consequences to our education system, but also our economic well-being as well.

As a recent U.S. News & World Report article stipulated, "In a reversal from the 1970s, higher education now holds out huge monetary rewards for Americans leaving many who have only high school educations on a downward path. Amid a boom in college attendance in the early 1970s, the average graduate earned just 15% more than a peer with a high school diploma. But by 1986, with just one out of four high school graduates going on to college that higher education premium had risen to 50 percent. Far more than just rewarding workers with skills such as the ability to read beyond a seventh grade level, the economy is showering its bounties on people who are paid to think: Software designers, lawyers, engineers. Meanwhile, opportunities are drying up for millions with only high school degrees. The hourly wages of 25-to-34-year-old male high school graduates fell 18.3% in real terms from 1973 to 1989."

We seem to be sentencing a large proportion of our population to a cycle of unemployment, poverty and welfare without giving them the resources or the understanding to achieve their own American dream.

As a private school director, I by no means am suggesting that a vocational education is the end-all solution -- but what I am suggesting is that each student should be given the opportunity and the alternative to choose the type of postsecondary education

they wish to pursue. And the kind of postsecondary education they choose will have direct ramifications to the future social and economic well being of the individual.

In Mississippi, as we go through the education process we notice serious declines in attendance: 50% do not graduate from high school--of the 50% who go onto postsecondary education 40-45% of these do not graduate from these institutions. This leaves 15-20% of our student population completing their education. But what about the other 75-80%? What happens to them? In our own terms, they are Mississippi's "forgotten half."

Let me give you at least a portion of the answer: the national private career school student profile is:

- 70% Women
- 40% Minorities
- 54% Financially Independent
- 47% Less than $11,000 income
- 29% Attended or graduated from another postsecondary institution.

In regard to those students who have not earned a high school diploma, many ability-to-benefit (ATB) students can be served at private career schools and colleges:

- 9% of private career school students did not receive a high school diploma or its equivalent prior to enrolling in a private career school.
- Of the private career school students who are ATB, 42% are less than 24 years old, 21% are 24-29 years old, and

37% are older than the age of 30.

- 37% are white; 28% are black; 28% are Hispanic; and 7% are other races or ethnic groups, including Asians and American Indians.

In early 1990, Moore Career College enrolled 102 ATB students and just about half of the group graduated for a 48% rate. Currently, there is over a 70% placement rate for ATB students.

There are no unique problems to placing any of our students. The success of our education programs is based in a large part to the holistic approach we take to our students. The key to educational achievement requires more than simply paying tuition and attending classes. They must often also contend with the many social and economic complexities of modern life -- life skills that many of us learn early, but, due to their economic and social circumstances, many have not had the opportunity to learn.

It does take as we all know, a certain amount of stamina and understanding to work our way through the different financial aid programs and I am paid to understand them. So, for students just starting out on their own education career, the financial aid programs appear to be at best incomprehensible and at worst irresponsible. To solve this dilemma, most private career schools and colleges not only teach their students a skill, but also give them a certain knowledge of the world out there through counseling and introduction kits which outline financial aid programs and their responsibilities -- giving them a sense of ownership toward

their own financial and educational futures.

PRIVATE CAREER SCHOOLS AND COLLEGES

As a private school owner, I would like to discuss a few misperceptions about our sector of postsecondary education.

Much debate has taken place around the default rates of our particular sector. But as many have acknowledged, the high default rates are not a reflection of the quality of the education program but a reflection of the population served.

The default rate for the proprietary sector has been dropping since 1987. Our cohort default rate was nearly 40 percent that year. It dropped to 32.6 percent in 1988 and 27 percent in 1989. Our sector has shown more improvement in default rates than any other sector.

FY'86 - FY'88 DEFAULT RATES
AND PERCENTAGE CHANGE

TYPE AND CONTROL	FY'86 RATE	FY'87 RATE	% CHANGE	*FY'88 RATE	% CHANGE
Private Career Schools	40	32.6	-7.4	26.8	-5.8
Public 2-year	20	18.1	-1.9	15.64	-2.46
Private 2-year	20	13.2	-6.8	15.07	+1.87
Public 4-year	9	6.8	-2.1	6.07	-0.73
Private 4-year	9	7.1	-1.9	8.98	+1.88

*Sector Analysis independently calculated by JBL Associates.

As I said, high default rates are not a reflection of the

quality of institution. But, they may reflect our commitment to serve all students no matter what type of education they wish to pursue.

Private career colleges and schools are committed to reducing students loan defaults and protecting the integrity of aid programs. In fact, a nationwide Default Management Initiative was launched in 1986 by the Career Training Foundation, AICS and NATTS. That initiative is underway here in Mississippi and other states across the nation.

In early April of this year, I held workshops on financial aid during Default Prevention Week to highlight the importance to the students of paying back their loans.

My school serves a large number of low-income students. Here is a breakdown of the incomes of my students:

INCOME	
$0-3,000	28%
$3,001-6,000	20%
$6,001-9,000	15%
$9,001-12,000	14%
$12,001-15,000	7%
Over $15,000	16%

My school, unfortunately, has a high default rate overall. Because of this high rate, the bank that has made loans to our students just informed me that it would no longer do so.

I am disheartened to see many of these dreams stamped out not by any lack of energy on the student's part, but through the financial needs of a commercial lender.

To rectify this situation, NATTS and AICS have proposed a number of changes to reduce the difficulty many students face in obtaining a student loan. The non-discrimination provision would be expanded to prohibit discrimination based on the type of institution, tax status, or length of educational program. Most importantly, a lender-of-last-resort program would be developed as part of the designated state guarantor program. All lenders making loans in the state would be required to participate in the program, which would ensure that high risk students would still be able to get loans.

Additionally, much of the increase in defaults is also due to the imbalance between the loan and grant mix. During the 1980s, there was a major shift from grants to loans as a source of financial aid. In 1980, the maximum Pell Grant covered 41 percent of the average tuition. By 1990, it only covered 26 percent of the cost. These changes mean even the neediest students may leave school under a crushing burden of debt.

In Mississippi, there has been an increase of 21.5% in the number of student loans from last year.

	FY'90	FY'89
Number of Loans	37,373	30,760
Dollar Amount	$93,046,729	$76,013,699

That represents a 21.5% increase in the number of student loans and a 22.4% increase in the dollar amounts.

I hope I have gone beyond many of the reauthorization issues to address your workforce concerns and the role that private career schools and colleges play, and will continue do so, in preparing a skilled workforce. It is no mistake that many policymakers have called the reauthorization of the Higher Education Act one of the most important pieces of social legislation this Congress will address. The issues and their ramifications will impact each individual and his or her pursuit of their American dream and on a broader scale will solidify our nation's commitment to educational opportunity and to producing a skilled American workforce.

Thank you.

Post Office Box 1200
Jackson, Mississippi 39215-1200
Phone 601 354-8372

V. E. Barbette
Central Regional Executive

DEPOSIT GUARANTY NATIONAL BANK

October 5, 1990

Mr. Edward Moore, President
Moore Career College
2001 Airport Road, Suite 309
Jackson, MS 39208

Dear Mr. Moore:

After serious and deliberate considerations Deposit Guaranty has decided to discontinue package based student lending to schools that have a default rate greater than 25% based on the latest available Cohort Default Rate listing. The latest listing (1988) indicates that your school had a default rate of 32%. Accordingly, after December 31, 1990, we will discontinue package based student lending with Moore Career College.

Thank you very much for the student lending relationship our firms have experienced and we look forward to a continuation of this through year end.

Sincerely,

V.E. (Gene) Barbette
Executive Vice President
Central Region

pgt

A Great Southern
National Bank
BANK of MERIDIAN
Post Office Box 1271
Meridian, Mississippi 39302
(601) 693-5141

April 5, 1991

Mrs. Baylis Lee
Moore Career College
2001 Airport Rd., Suite 309
Jackson, MS 39208

Dear Baylis:

Per our conversation of this date, please know that the management of Great Southern National Bank has made the decision to suspend offering student loans due to our learning of certain contingent liability that we create as the originator of such loans.

Heretofore, it was this bank's understanding that all loans were federally insured up to their full face value. Only recently did we learn from a Jackson forum on student loans, and later substantiated by Dr. James Flippin, Director of the Mississippi Guaranteed Student Loan Program, that our guaranty position depends entirely on the health of the Mississippi Higher Education Assistance Corporation which, as of this writing, remains somewhat suspect.

We appreciate the relationship that we have enjoyed with Moore Career College over the years and only regret that we will no longer be a source of loans for your students.

Sincerely,

William S. Abbey
Senior Vice President

WSA/lar

cc: Ronnie Mock

The People Place

The Peoples Bank & Trust Company
P.O. Box 709
Tupelo, MS 38802-0709
(601) 680-1492

Thomas F. Green
Student Loan Officer

The People Place Banks:
Bank of Amory
Amory
Hatley
Bank of Calhoun City
Calhoun City
Bank of Pontotoc
Pontotoc
Bank of Water Valley
Water Valley
Carroll County Bank
Vaiden
Clay County Bank & Trust Company
West Point
Merchants & Farmers Bank
Winona
Panola County Bank
Sardis
The Peoples Bank & Trust Company
Aberdeen
Booneville
Calhoun City
Cornish
Guntown
Iuka
Jumpertown
Okolona
Plantersville
Saltillo
Shannon
Smithville
Southaven
Tupelo

April 5, 1991

Mr. Edward Moore
Moore Career College
2001 Airport Road, Suite 309
Jackson, MS 39208

Dear Mr. Moore:

Thank you for expressing an interest in our student loan department as the lender for your career college. However, due to our loan policy, we do not make loans to any proprietorship institutions. This is a policy that has been in effect since 1984, and we feel it would be in our best interest to continue with this policy.

Best wishes for great success with the Tupelo branch of Moore Career College. If we at The Peoples Bank and Trust Company can be of service to you, please give us a call.

If you have any questions concerning our student loan policy, you may call me at (601) 680-1492.

Sincerely,

Thomas F. Green

Thomas F. Green
Student Loan Officer

MISSISSIPPI

BOARD OF TRUSTEES OF STATE
INSTITUTIONS OF HIGHER LEARNING

Office of
Mississippi Guarantee
Student Loan Agency
601 982-6663

Student Financial Aid
601 982-6570

April 9, 1991

Mrs. Baylis Lee
Director of Financial Aid
Moore Career College
2460 Terry Road
Jackson, MS 39208

Dear Baylis:

I appreciate the opportunity to speak with the Moore Career College students on Tuesday, April 2, 1991. I was impressed with the students' attention during the various presentations as well as the indepth questions that were asked.

I encourage Moore Career College to continue these presentations and others in order to insure that students are given a complete and accurate picture of the consequences of their actions--both positive and negative. Also, thank you for the cup and calendar.

Please let me know if I can be of further assistance to you or your students.

Sincerely,

Larry Blankenship
Associate Director

tlb

3825 Ridgewood Road • P. O. Box 342 • Jackson, Mississippi 39205-0342

WHAT HAVE WE DONE ABOUT THE 'BAD APPLES'?

PLENTY.

We got tough with accreditation.

In the last three years, an average of 13 out of every 100 schools reviewed lost their accreditation. Another 24% closed their doors. Most couldn't meet our standards for curricula, financial operations or school management. But in virtually every case, lost accreditation meant an end to federal student aid.

We fought bad schools in court.

In dozens of court cases, our accrediting commissions have fought schools challenging our quality standards. And during the last three years, we've spent over $1 million dollars doing it. We've also cut a two-year appeals process to less than 12 months.

We got stronger.

To help ensure students pay back their loans, we developed the nationwide Default Reduction Initiative in over 2000 schools. Our accrediting commissions formed aggressive fact-finding teams to inspect schools with reported problems. They've investigated high-default institutions and stepped up financial reviews and accountability. They've barred recruitment in or near welfare offices, unemployment lines and homeless shelters. To broaden our strength, our commissions are coordinating with state licensing boards and federal agencies in a "TRIAD" partnership to fight waste and fraud. In all, some 340 schools were removed from our accreditation lists in the last three years.

We support reform legislation.

AICS and NATTS supported both the House and Senate versions of student loan default legislation. We've endorsed the policy of suspending student aid funds from schools accused of abuse. And we pushed for greater accountability for all postsecondary institutions -- including the release of graduation and job placement data -- so that prospective students can make informed choices.

We've worked hard to weed out the bad apples, and we're getting results. America's schools, students, and employers deserve no less.

To get a copy of our Proposal for the Reauthorization of the Higher Education Act, or to find out more about our reform efforts, contact: SKILLS 2000, 2251 Wisconsin Ave., NW, Washington, DC 20007 (202/333-1021).

PRIVATE CAREER SCHOOLS AND COLLEGES

Because America's Skills are America's Future

AICS NATTS

Association of Independent Colleges and Schools • National Association of Trade and Technical Schools

To the office of
The Honorable Brad Cochran:

Sir, I would like to start first with an introduction of myself Kenneth Earl Henderson, Born April 9 1963. I have three other sister I am the only male child I have always had high hopes and dreams for myself and until now that all they were ever just dreams. Sir, I am also a student enrolled at Moore Career College Truck Driving Academy. In my heart I have always wanted to be a trucker, but was never financially able to take time out from work to go to school to become a professional driver. Thanks to this terrific college this 28 year old young black man can live his dreams and with the help of God and the professional and superior training I have received at Moore College, I will be able to the best that I can be.

I have been approved and received offers from six of the top ten trucking industries in the county. [J. B. Hunt, Schneider N.C., Com Trans Inc., Builders Transport, Werner Enterprises, Dorf Bros.] The opportunity afforded me here at Moore Career College, has taught me that you can be whatever you want in life. So out there all I have to do is reach for it. So thanks to elected offecal such as yourself sir. for grants that make it possible for poor people such as myself, to attend institution such as Moore Career College.

Thanks Sir:
Sincerly: Kenneth Henderson

C. A. "CHET" HENLEY, JR.
HINDS COUNTY JUDGE
HINDS COUNTY COURT HOUSE
JACKSON, MISSISSIPPI 39201

FIRST AND SECOND
JUDICIAL DISTRICTS
HINDS COUNTY

April 29, 1991

601/968-6671

TO WHOM IT MAY CONCERN:

After having worked with several externs from Southern Technical College, I can truthfully say that the Paralegal Department of Southern Technical College is capable of producing well-trained professionals who are assets to the legal profession. I have found these graduates to have a command of the field of research, both manual and computer. Their skill in drafting legal pleadings has impressed many. The experience that they receive in WordPerfect is invaluable to them in almost any law office in the surrounding area.

Without reservation I can recommend the Southern Technical College Paralegal Program to those who want a marketable skill in an interesting field.

Sincerely yours,

C. A. Henley, Jr.

April 25, 1991

The Honorable Thad Cochran
326 Russell Senate Office Building
Washington, D.C. 20510

Dear Mr. Cochran:

I am a single parent of four children whose ages range from 5 to 16. I am also a full-time employee of Hattiesburg Cable. My goal is to one day be an executive secretary for a large corporation.

Because of my financial situation, I have been unable to attend a secondary school until now. I am currently a student at Moore Career College majoring in Professional Secretary. While at Moore, I have been named Student of the Month and was inducted into the Phi Beta Moore Honor Society. I have also won a scholarship from Professional Secretaries International. If it had not been for Moore Career College, I would never have achieved these awards. I would encourage anyone who wants to better him or herself to enroll at Moore. The staff and teachers there are great. They are very encouraging and understanding.

I felt compelled to write to you because I know that proprietary schools are sometimes looked down upon. I strongly disagree with this attitude. When a person wants an education and is unable to attend a college or university, a proprietary school can be of assistance. I know because I am proof of this.

I thank you and the other congressmen and women for allowing students to receive loans for proprietary education.

Sincerely,

Bonnie Williams

Bonnie Williams

S-1

April 26, 1991

The Honorable Thad Cochran
326 Russell Senate Office Building
Washington, D.C. 20510

Dear Mr. Cochran:

Five years ago, I was a high school graduate who had very high goals for myself. I had planned to graduate from high school and go to a University in Oklahoma to pursue my career in computers. After pursuing my career I had planned to get married and have a family. Instead, last plans came first. I was unable to go to college, after getting married, simply because I could not afford it.

One day my husband and I decided to sit down and began to talk about the things we wanted most out of life. Not only did we talk we did something about it. My husband went out, and with God's help found a job making more than four times what he was making before. I decided then that I would go back to school. A freind came to me and said that she was going to enroll at a post-secondary proprietary school, and still at the time I was so unsure about myself, as far as my confidence was concern. But I gave that same school a try, and you know that was the best thing that I could have done. The people were so understanding and my financial problems were taken care of through grants and loans.

Mr. Cochran, not only did I graduate from Moore Career College but I am now an employee. I work in the Financial Aid department. I enjoy watching the faces of people who want to try, get the help and aid needed to pursue their goals.

I am not yet finished with educational goals, but a post-secondary school has given me the confidence to keep striving for a larger goal.

Sincerely,

Felisha McSwain

Felisha McSwain, F.A.O.

April 29, 1991

Dear Congressman Thad Cochran

I would just like to inform you on how the Student Loan Program has worked for me. I entered the cosmetology program at Coastal Training Institute which is now Moore Career College. That loan enabled me to get a first rate education and a license in the field of cosmetology. In fact, it also enabled me to find employment at Moore Career College. I would just like to thank you for making this and other programs available for up and coming young people.

Sincerely
Susan Twilley

April 25, 1991

Honorable Thad Cockran
United States Senate
Washington, D.C. 20510

Dear Senator Cockran,

I am writing to express my deepest appreciation for the financial aid funds that were available to me. These funds allowed me to return to school, get a degree, and find a rewarding job in my field.

I believe wholeheartedly in these funds, and hope that they remain available for others out there that may need them in order to better themselves.

Sincerely,

Linda C. Warren

Linda C. Warren

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April 25, 1991

The Honorable Thad Cochran
United States Senate
Washington, DC 20510

Mr. Cochran:

I would like to address to your attention something that greatly concerns me. The matter of which I am speaking is cut backs in the financial aid program for students. I know that our economy is at a point where some things will have to be readjusted in order to meet with allotted monies. But I ask that you strongly consider not cutting funds for schools concerning the student and financial aid.

Without financial aid through Phillips Junior College, I would not be where I am today. Phillips Junior College is a wonderful school and the tuition is reasonable for the spectacular education you receive. But it is hard for an individual to go to school and pay the cost straight out, without some help. With financial aid I was able to attend Phillips, receive the quality training I needed and fulfill my goal by being placed with an ambitious and growing company in the Jackson area.

When I began working, my priorities were to do my professional best for the company I work for and to repay financial aid for their help in my career. I am proud to say that I have prospered with this company and have payed back all the debts that I owed to the Financial Aid Program.

Financial Aid through Phillips Junior College has helped my dreams and goals come true. I know there are many others that feel the same as I do on this matter. Please consider the fate of future students of this great nation by not cutting the Financial Aid Program.

Sincerely,

Lisa M. Walker

Lisa M. Walker
Secretary

lmw

600 West Capitol Street P O Box 3988 Jackson, Mississippi 39207-3988 Phone (601) 948-3753 or (800) 866-0445
Branch Office: 2301 14th Street, Suite 505 Gulfport, Mississippi 39501 Phone (601) 863-4080 or (800) 866-0445

Dear Honorable Thad Cochran,

I am writing in reference to the suggested cut backs to the financial aid program. I would like to take this time to share with how much the program has made a difference in my life. I now hold a job that I would have not gotten if it had not been for the program and Phillips Junior College, I am able to support my family and do not have to be dependent on welfare or other members of my family.

In todays business world if you do not have an education you are stuck in a dead end job with no future.

There is to little aid as it is, to cut back on what is already there would be doing a great deal of harm to the students who have no other way of getting the education they deserve.

Phillips Junior College has so much to offer the students that attend there. Lets don't sacrifice the very thing that makes the U.S.A. so great.

I look forward to hearing from you on this matter and as to where you stand.

Sincerely Yours

Charles K Mangum
2323 Larose st.
Pearl Ms. 39208
601-932-7740 hm.
601-939-8334 wk.

Travel Plus Inc.

HONORABLE THAD COCHRAN
UNITED STATES SENATE
WASHINGTON, D.C.

SENATOR COCHRAN:

MY NAME IS EDMOND BERRY AND I AM EMPLOYED BY TRAVEL PLUS TRAVEL AGENCY. I HAVE LEARNED THAT THE STUDENT LOAN PROGRAM, THAT HELPED ME CONTINUE MY EDUCATION, MIGHT BE CUT.

I FEEL THAT THE TRAINING I RECEIVED AT PHILLIPS JUNIOR COLLEGE HELPED PREPARE ME FOR THE POSITION I NOW HOLD. I AM CONCERNED THAT IF THE STUDENT LOAN PROGRAM IS CUT MANY PEOPLE WILL SUFFER FINANCIALLY AND WILL NOT BE ABLE TO CONTINUE THEIR EDUCATION.

PLEASE CONSIDER ALL ASPECTS OF THIS MATTER BEFORE MAKING YOUR DECISION AND THANK YOU FOR YOUR TIME.

SINCERELY,

Edmond Berry

EDMOND BERRY

International Airlines Travel Agent Network
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FAX: [601] 362-5360
ASTA Cruise Site

Route 3, Box 55
Mendenhall, MS 39114

Senator Thad Cochran
326 SROB
United States Senate
Washington, DC 20510

Dear Senator Cochran:

My name is Anne Sullivan and with the assistance of a student loan and grant, I was able to attend Moore Career College in the field of Medical Office Assistant.

Two weeks after I started school on May 10, 1988, my husband was diagnosed with throat cancer. During his illness, he was very supportive, would not allow me to quit school and continued to give me encouragement. At that time I had a full time job and attended Moore at night. I had to take a leave of absence in April of 1989, to take care of my husband during the end stage of his cancer. I returned to Moore soon after his death and graduated with a 3.84 GPA in August 1990. I received the Business Night Acheivement Award. While in school, the job placement officer at Moore helped me secure a job as Medical Office Assistant for a Family Practice physician in the St. Dominic Medical Complex. I've worked there over a year now. I work as a volunteer for the State Street YWCA Hospital Guest House weeknights, where I check the families of patients in and out, assist with meal preparation, and am on call several nights per week in case of death or other emergencies.

During the time I was in school at Moore, my two daughters, Karen Elizy and Deborah Smith Welch were enrolled in the School of Cosmetology there, also. While Karen received a student loan, Deborah received a loan and grant. Both graduated in March 1990, with Karen receiving the highest GPA for Cosmetology-Night. They have full time jobs. Karen has purchased all the equipment and she and Deborah are in the process of securing a building to oper a business together.

I enjoy my regular and volunteer work. I feel that I am making a valuable contribution. I've always felt God had a mission for me and I feel that I've found that mission. All the support and encouragement I have received is like a miracle from God. It's all been made possible because of Moore Career College, the financial aid and the support of my family, my school and my employer. I thank God each day for this support, for without it I would still be just a cook in a convenience store. I am so thankful I have a career that enables me to support myself since the death of my husband.

Sincerely,

Anne H. Sullivan

Anne H. Sullivan

445 Hooker Street #5
Jackson, MS 39204
April 29, 1991

Senator Thad Cochran
326 SROB
U.S. Senate
Washington, D.C. 20510

Dear Sir,

Let me introduce myself. My name is Vernadoe Perkins. I am a member of the teaching staff at Moore Career College. My letter is a success story of sorts, as well as a chance for me to personally ask for your continued support of post secondary schools.

I'll start by telling you a little bit about myself. Before learning of Moore Career College, I was virtually at a stand still economically. I had no career, no job, and seemingly no future.

At the time, I was living with my sister and her three boys in a 3-bedroom apartment in which I had to share a bedroom with one of the boys. The financial situation in that household was in a very serious state. It was hard enough for a woman to make it with three boys working as a teacher's assistant, but to add to the problems, and frustrations she had a grown man with no income dependant upon her too. I was at the lowest point of my life, grasping for straws.

I had always been a hard worker, but always seemed to get the jobs that never lasted. After returning to Jackson in 1983, I was hired at McCarty Farms as a monitor at one of their chicken processing plants. I was laid off after 6 months for lack of work. I was hired at JacMar, a local jean manufacturing company. I worked for 19 months and the plant was shut down. I drew unemployment while looking for another job. Then it ran out. It seemed like I had exhausted all avenues, until one day my sister came to me and asked me if I had ever considered going back to school to learn a trade. The thought of going back to school frightened me. Here I was 34 years old and thinking of going back to school. She told me of this ad she had seen in the paper for Moore Career College. So I called not even knowing what area of study I would go into, or even where I would get the money to go. I talked to an admissions officer who told me about the various programs they offered. The drafting program caught my eye. Even though I knew nothing about drafting, I was very much interested in learning.

After determining what area of study I was going to pursue, there was only one thing standing between me and the classroom. Money!

Naturally I could not afford to pay in cash to attend, so I was sent to the financial aid director. She immediately went to work to find out if I qualified for federal funds. After bringing in the necessary documents, she found that I qualified for a loan and a grant. That enabled me to start classes right away.

I entered their program January of 1986 and completed it December of 1986 with honors. Immediately after completing the course, the placement department sent me on an interview with McCarty and Holman, a local grocery store chain working in the engineering department, designing and revising the stores and warehouses. I was with the company until my resignation in April of 1990. During this time I was also hired by Moore Career College as a part-time assistant in the drafting department. About three months later, I was hired as a full time day and night instructor.

The bottom line and moral of the story is, If it had not been for federal funding of private institutions, I would never have been able to accomplish the things that I have. I would not have the career that I have.

This is why I am personally asking for your continued support of post secondary schools. We couldn't do it without people like you.

My sincerest thanks,

Vernadoe E Perkins

Vernadoe Perkins

April 27, 1991

The Honorable Thad Cochran
326 SROB
U S Senate
Washington, DC 20510

Dear Senator Cochran

My name is Doris Sibley, a native from Purvis, MS. I enrolled in Moore Career College at the age of 35, being a wife and mother of six children working as a domestic housekeeper. I continued my work as a domestic housekeeper until I graduated in November, 1988 with a major in Word Processing.

The day after graduation, I was hired by Moore Career College as a grader and I also fill in when necessary for the Cosmetology Receptionist.

On January 3, 1989, I was hired through Moore's Placement Office as a Secretary to a small business consultant. This experience helped me to land a receptionist/secretarial position at Jackson State University in July, 1989. In February, 1990, I was promoted to the position of Travel Agent, while still being employed at Jackson State University. I have most recently been promoted to the position of Administrative Assistant to the Chairman of the Department of Health, Physical Education and Recreation.

I am currently enrolled as a student at JSU, working full time, and caring for my family which consist of three teenage girls in high school and two boys in elementary school.

To me, it is an honor to be a graduate of Moore Career College and to have the opportunity to acquire a promising career. The instructors at Moore Career College were very encouraging, motivating, and dedicated to the students.

I would like to thank you, sir, for your continuing support of the Title IV funding. Maybe this will give others a chance to further their education also.

Sincerely,

Doris Sibley

Doris Sibley

Trust Leasing Company, Inc.

May 1, 1991

Honorable Thad Cochran
United States Senator
Washington, D. C.

Dear Senator Cochran:

I would like to solicit your support for continued student loan funding for those that attend proprietary schools. Our company has had numerous contacts with the students that have completed proprietary schools and find them to be wonderful and dedicated employees that make an immediate contribution when they enter the work force. Our organization has been able to work with the schools to tailor specific curriculums to satisfy our needs and have better prepared individuals for the task that are expected.

I know of no other industry that takes greater pride in helping train skilled workers like the proprietary schools do. I realize that the default rate on student loans has been excessive and has created great concern in Washington. This concern is justified but could have been avoided had practical and stringent collection procedures been put in place by the federal government.

I enjoyed very much seeing you at the reception last week and look forward to seeing you again in the near future. Thanks very much for the very honorable and credible way in which you represent our State.

Sincerely,

W. Mac Elliott
Managing Director

WME:cst

"Leasing & Business Financing"
2829 Lakeland Drive/Mirror Lake Plaza/Suite 1100/Jackson, MS 39208-9798/(601) 939-7222/FAX (601) 939-8416

April 29, 1991

Senator Thad Cochran
326 SROB
United States Senate
Washington, DC 20510

Dear Senator Cochran:

My name is Mary Eghbal and I was born in Iran. My family came to the USA in 1985 for a visit but due to circumstances we remained in this country. I always liked working and dealing with people and wanted to do hair, facial, and artistic works that give people good feelings. I never dreamed that I would have such opportunities since in the Iranian society that would never be possible.

After going through a bad divorce in 1986, I was in a very bad emotional state. I married again - thinking my problems would be solved but soon found out otherwise, my emotional and financial situation became even worse.

I applied to several schools of cosmetology. None of them gave me any hope or encouragement that I would ever be accepted in any kind of career college. I was becoming more discouraged. Then I heard about Moore Career College. I wanted to pursue my career so badly that I decided to take one more chance. The Admisisons Officer took time to listen to me and help me find ways to reach my goal. After an interview with a Financial Aid Officer, I was told that I could receive a student loan. It's hard to explain how happy and excited I was. That was a new beginning for me.

Some serious illness and personal problems were encountered during the year but with the help of the director, admissions officer, and other people at school, I graduated, receiving the academic award for the highest grade point average.

After graduation I started working in a salon in a big department store. I made good money which enabled me to take advantage of various seminars and other training opportunities offered from New York to California.

I have bought a house where I can raise my two bright and happy children whom I'm very proud of. My ten year old son is a fourth grader, in a gifted program, and plays the violin. My four year old daughter goes to a very good kindergarten, takes ballet lessons, and is a very happy child.

I began to realize that I love to share my knowledge and thus decided to study for my instructor's license. What better place could I go than the place that helped to open the door for me. Moore Career College.

Now, I have finished school and I'm waiting to go to state board to take the test to become a licensed instructor.

I own my salon so that I can teach in the morning while my children are in school and work in my salon in the afternoon and care for my children.

I don't know if you consider my story of life a success or survival. To me it is almost a dream come true - thanks to this country, Moore Career College, the financial aid I received, and the help of some good people.

Thank you for taking time to hear my thoughts.

Sincerely,

Mary Eghbal

Mary Eghbal

2012 Plantation Blvd.
Jackson, MS 39211
May 1, 1991

Senator Thad Cochran
326 SROB
U. S. Senate
Washington, D.C. 20510

Dear Sir,

My name is Darlene Lyon. I am a 29 year old student at Moore Career College, school of Cosmetology. I would lik to tell you why your continued support is so important to myself and so many others in situations just like mine.

I would like to begin with a brief history of the last few years and how I came to Moore Career College.

Three and a half years Ago I was divorced from a marrage of 6 years with 2 children. After my divorce I went through A rough time. I moved back home to live with my parents and Am still there.

The only training I had was Secretarial with computer experience. In the last 3 years I have had five differend secretarial jobs, but the pay was just Above minimum. My last job was Regional Secretary for A hazardous waste recycleing company with decent pay plus benefits. I hated it! I have always hated being a secretary but felt trapped. With no othe experience what can you do? The Answer, go back to school. What do you study? I don't know, I didn't know 10 years ago and until five weeks ago I didn't know now.

One day five weeks Ago I asked myself. Darlene. Is this what you want to be doing five years from now. The Answer was NO. I opened the newspaper, and there was an Add for Moore Career College, school of Cosmetology. Every thing fell into place. This was my dream, what I have always wanted to do. So I quit my job.

I called the number given and went to talk with Penny in Admitting. Penny sent me to talk with the Financial Aid Director. She determined After extensive questioning that I would

42-925 O—91—4

qualify for financial aid. Without that Aid my dream And hopes for A better future would be that, just A dream.

I have been in school for 3 weeks now. I Am making good grades And I love what I Am doing.

I thank you for your support in the past and Ask that you Continue your support in the future.

My sincerest thanks,

Darlene Fox

Senator Thad Cochran
336 SROB
U.S. Senate
Washington, D.C 20510

Dear Senator Cochran

My name is Melanie Straughter and I am a student at Moore Career College. This letter comes in appreciation to you and all others, whom have allowed funding for under previlaged college students. Because of the student loan and grant, I was able to begin a new life.

I always hoped to obtain a career in business, but never had the money to begin school. All I wanted was a chance to get the trained skills in a field that had a wide range of opportunity. Word Processing was my choice!

Today, Senator Cochran, I am happy to say that my future has grown brighter. Through federal funding of loans and grants, I can hope alive for others, who want to obtain an education and skilled Training.

Sincerely,

Melanie Straughter

Melanie Straughter
105 Athens Avenue
Vicksburg, MS 39180

May 2, 1991

The Honorable Thad Cochran
United States Senate
326 Russell Building
Washington, D.C. 20510

Dear Senator Cochran:

My name is Lyniece Fleming, a former student of Moore Career College. Before my enrollment at Moore Career College, my mother had passed and I was left with finanical woes which were incurred as a result of her illness and death. I was unemployed after many unsuccessful attempts to find employment. I was feeling worthless, I had no marketable job skills that could provide me with a job; and I was also broke.

Realizing no one could help me but me, I decided to go back to school, but how? December of 1989, I visited Moore Career College. January of 1990, I enrolled in their Professional Secretarial program. The next month I was asked to work with the college-work study program, I was also appointed Student Ambassador. I was a Director's List and Honor Roll student. In the coming months I made a commercial for Moore Career College, which stated, "I did it with a little help from Moore."

I did do it with a little help from Moore and the financial support the Student Loan Program provides to Post Secondary Schools such as Moore Career College. Without this funding I could not have gone back to school. I would have been another unemployed statistic. Thank you Senator Cochran for supporting finanical aid for Post Secondary Schools. May God bless and keep more people like you in congress for people like me who have lost all hope.

Sincerely yours,

Lyniece Fleming

Lyniece Fleming

MS. LYNIECE FLEMING
130 CARTER AVENUE
JACKSON, MS 39209

Dear Sirs,

My name is Collette deHeon. I attend Southern Technical College and am currently enrolled in the medical Assisting program.

I registered at Southern Technical College in February. My classes started in March. New classes start every month.

It did not take me long to decide on Southern Technical College as my choice. After checking into other colleges, Southern Technical College had the most impressive program. All of their instructors are licensed. The curriculum is very well taught and is an accredited program. None of the other colleges had this to offer.

I will be finished with

the program in November of '91. It is very exciting thinking of all the options I will have after I graduate. There are many different places a medical assistant can work. I would like to work in the emergency room at the University Medical Center. I feel that I would learn a great deal since it is a teaching hospital.

With medical assisting being one of the fastest growing professions of the nineties, I would highly recommend Southern Technical College to anyone.

Sincerely,
Collette DeLeon
Rt. 4 Box 170
Canton, MS 39046

May 2, 1991

TO WHOM IT MAY CONCERN:

Southern Technical College is licensed by the Mississippi State Department of Education to operate as a Proprietory School. Southern Tech is accredited by the Southern Association of Colleges and Schools' Commission on Occupational Education Institution. The college is also approved by the Mississippi State Department of Education to award a diploma upon graduation and a certificate of completion for a single individual course.

I chose Southern Technical College because it is a well respected college. The instructors, at Southern Tech, teach the students thoroughly in the courses and subject that will be needed out in the Business World. The atmosphere is pleasant and the instructors are very friendly. These credentials are very important in an educational institute.

I intend to get a diploma in the Paralegal Program. My goal is to seek employment in the legal field. I believe Southern Tech will enable me to acquire the skills to accomplish this goal.

My plans are to use my education in the Paralegal Profession to its greatest extent in the legal field. With the schools respect and prestige, the job has been accomplished.

Sincerely yours,

Be'Trice J. Hudson

Be'Trice J Hudson
1310 Wilson St.
McComb MS 39648

May 1, 1991

Dear Senator Cochran,

Hello, my name is Denise Thornton and I attend Southern Technical College where I am currently majored in Legal Office Administration. The reason I chose Southern Technical College was because I heard so many wonderful things about the school and staff. I chose the Legal Office Administration program because I have always been interested in law and how the justice system works. The Legal Office Administration program at Southern Technical College has given me confidence and pride in myself as a student.

At Southern Technical College the staff takes each student and helps them directly when there is a problem. Southern Technical College is more like one big family instead of a building full of students. I am glad that I chose Southern Techmical College because my past few months there have been educational and a wonderful learning experience.

Sincerely,

Denise Thornton

Denise Thornton
Denise Thornton
106 Moreland Circle
Brandon, Ms. 39042

5-2-91

Dear Senator Eastman,

Hello. My name is Janie Searcy I'm 21 years of age and have been married 3 years. Also I have a 2 year old daughter whom I wish to send to college one day.

I worked at Allstate Insurance company for 4 years but was not happy with my self and what I was doing. Many times I thought about going to college but didn't have the funds to do so, and wasn't aware of financial aid.

I think education is so important and that everyone should have the opportunity to attend school. Even more important I hope one day my daughter will have the chance to go to college as I did

Thankyou.
Sincerely,
Janie Searcy
2700 McDowell Rd Apt A
Jackson MS 39204

Senator COCHRAN. Our next witness is Dr. Charlotte Tullos, who is director of career development at the University of Southern Mississippi.

Welcome.

Ms. TULLOS. Good morning to you. I appreciate the invitation and the chance to finally meet you, too, Ms. Dixon. I appreciate this.

Senator, they have been telling you a lot of interesting things. I have heard all of this this morning, and it is very interesting to myself, even in higher education, to hear all of these people talk to you, and I would like to speak to you this morning about something very important and dear to my heart, and that is cooperative education.

That is one of the programs I have the pleasure of directing at the University of Southern Mississippi, along with student employment, the Career Center, and the Placement Center. So, I am very familiar with the workforce and what is going on and the dramatic changes that Mr. Moore just talked about. I appreciate that, too.

Let me talk to you about co-op. Are you familiar with cooperative education in the title VIII programs? I am sure you are. I am putting you on the spot, I know.

Senator COCHRAN. I would not deny it.

Ms. TULLOS. I am speaking to you, then, as a parent of a co-op student at my college.

Senator COCHRAN. I explored the possibility of being a co-op student myself, when I graduated from high school. I came very close to enrolling in that kind of program at Mississippi State University, but, as a high school senior often does, I changed my mind.

Ms. TULLOS. We find that.

Senator COCHRAN. I ended up doing something else.

Ms. TULLOS. Yes, that is a very common thing.

Senator COCHRAN. I am familiar with it, I explored it and I actually interviewed people who were involved. The program at that time it was brand new, back in 1955.

Ms. TULLOS. Right. I believe that is when Mississippi State was started, at that time.

Senator COCHRAN. I think it was a novel thing.

Ms. TULLOS. Right. Let me talk to you a bit about it, because that is a very important program, as we talk about preparing a world class workforce. Let me briefly define what it is, if I may.

It is actually an academic program, applying classroom training and theory to the real world of work. We are actually taking our students and putting them in the job setting, but they go through a great deal of real world experiences prior to getting to the job, and then on the job they get the real world experiences again by using their academic training and having some wonderful experiences.

In some of my preparation, I have given letters of testimony here from my students who are learning a great deal from this.

What happens is students actually alternate semesters, they actually go off and work. We have a number in Washington right now of our students there, there are a number of Mississippi co-op students working in Washington now, on a semester, off a semester.

Some of the complaints are that, well, it takes 5 years to complete a degree. Well, the truth is that only 30 percent of the stu-

dents are now completing a degree in 4 years, so that is really not a reason not to be part of co-op.

What happens also is that the part-time arrangements, where students can attend classes, be a co-op student and go to school at the same time, so this is a year-round program, and then we have alternating semesters. This is why I feel like when you benefit actually from the real world experience, know what a shock it is sometimes in the world of work, then they benefit by solidifying career goals and really feel like they are really going where they need to be.

Additionally, some of the real positive things we see is the co-op students, upon completion, usually get 10 to 15 percent higher starting salary offers, and 3 or 5 more offers than a student who has not participated, so that is definitely a positive, we feel, on that point.

In 1906, co-ops started at the University of Cincinnati for training for engineers. Since then, until today, we have 1,020 2- and 4-year colleges participated in the co-op program. There are over 200,000 college students today, co-op students, and over 80,000 employers involved.

Leading the way is the Federal Government, who has over 14,000 co-op students today and is the single most important co-op employers, since they are the largest. So, you can see that they are making money, going to school and learning at the same time, and that is why we find this program to be so exciting.

Now, part of the funding that co-op gets is title VIII. Title VIII for the past 3 years had approximately $13,175,000 for grants, and we would really like to talk to you about that, the importance of that and how that has served as seed money for many colleges and universities to get started in the co-op program and to expand.

I personally know that those I have been involved in for 7 years of funding at the University of Southern Mississippi and as many other schools in our State that have benefited from this money, the seed money, so that is why today I wanted to talk to you about the importance of it and talk about making a world class workforce. There is nothing like training and at the same time being academics, to make things worthwhile and to have a full understanding of what the world of work is about.

So, let me just go over a few good things with you that are in my paper, but I just want to make sure that we clearly understand each other on this, and that is we absolutely feel that co-op enhances our opportunities for students in their chosen career field, co-op provides employers with excellent workers, it involves faculty members and anticipates the needs of business and industry, co-op develops the effectiveness and relevance of education by relating classroom study to the real world of work, and also provides income for the student. This is not a loan program or any type of program. This provides income for students and students pay taxes on this money, so it is actually not a burden on the taxpayer, but a profit for them.

As I have said before, we feel that the co-op is very important. We really would like you to look at title VIII and what it has meant in Mississippi. I am proud to say that we have one of the larger programs in the United States here. Mississippi State has as

model program that people look to all over the country. Our program has approximately 220 students in it right now. Those 200 students made income, from July 1, 1989, to December 31, 1990, $1,202,143. That was income, and I have listed the companies involved in Mississippi, to let you see, as we have talked about today, business partnerships with colleges and schools. That is very important and we have that now.

Senator COCHRAN. A number of Federal agencies, also, I see participate in the program.

Ms. TULLOS. Right. NASA is one of our best opportunities for students, so we really have a number of Federal agencies. Of course, as I said, the government is the largest single co-op employer there is. That is an exciting thing. Our students come to the CIA in Washington and have that experience, and that is just something that you cannot put a value on.

As I said, I come to you in several different perspectives, as the parent of two college students, and one of them is a co-op student, by the way, it is nice to have them working and being off the payroll some, and also as a school board member of Hattiesburg public schools for 7 years, all of this makes as lot of sense to me, and we are looking at co-op now at the high school level.

So, you can see, Senator, how important this is, and please look over this and help us with this title VIII. We need to increase it. We are excited that President Bush has included that in his budget this year. For some reason, in the past, President Reagan did not, but we are now excited to see this has changed and, hopefully, this seed money will continue for the schools.

I believe we have one school in our State today on title VIII funds, a community college, so we are going to keep writing grants and doing all of this, because we feel like this is such an important program to develop that world class workforce.

Thank you.

[The prepared statement of Ms. Tullos (with attachments) follows:]

PREPARED STATEMENT OF MS. TULLOS

The 1991 spring issue of *Career Opportunities News* discussed changes anticipated in tomorrow's work force. Among those mentioned are: Fewer personal secretaries, voice mail replacing human telephone operators, computers making professional decisions, more workers operating out of their homes, fewer employees on traditional work schedules, electronic transfer of information replacing the shifting of paperwork and almost as many computers in the workplace as workers.

Timely to this hearing of the Senate Subcommittee on Education, Arts and Humanities, and directly related to the subject of the Reauthorization of the Higher Education Act, is the important issue that tomorrow's careers are going to require a higher level of education. Today's job market clearly demonstrates that 44 percent of current jobs require some college or a college degree. However, by the year 2000, 52 percent of all jobs will require college training and college degrees.

Higher education offers numerous programs and opportunities for training a world-class workforce. I am here to promote one of the most effective—Cooperative Education. Briefly defined, Cooperative Education—Co-op—is an academic program applying classroom training and theory to the real world of work. Co-op students experience academic training through alternating semesters of school and work. In some co-op arrangements, students work parttime the year around in an atmosphere related to their career goals while also attending classes. Co-op students benefit from actual work experience, salaries to help pay college costs, and 10-15 percent higher starting salaries upon graduation.

Cooperative Education began in 1906 at the University of Cincinnati. Today, 1,020 2-year and 4-year colleges and universities offer coop programs. Co-op nationally involves an estimated 80,000 employers, both public and private, with programs offered at all levels of higher education, from the associate to the doctoral degree, and approximately 200,000 participating students. (National Commission for Cooperative Education, 1989). Co-op experiences are available in virtually every college curriculum. While student earnings vary with their college major, the national average income is approximately $7,500 per year, or $1,200 monthly, for each work term. Leading the way to prove the value of coop, the Federal Government is the single largest co-op employer, employing over 14,000 students through 36 federal departments and agencies at 2,000 work sites. Research studies have shown that at the leading co-op programs, an estimated 80 percent of co-op students receive an offer for permanent employment from the participating agency or company, and 48 percent of co-op students accept these job offers. We might identify numerous advantages of this program, among those:

—Co-op enhances opportunities for students in their chosen career field.
—Co-op provides employers with excellent workers.
—It involves faculty members in anticipating the needs of business/industry.
—Co-op develops the effectiveness and relevance of education by relating classroom study to the world of work.
—The program promotes a respect for work and for money earned through work, thus building respect for the American free enterprise system.

It is important to note that because Co-op is not a public hand-out or loan program, it is not a cost to society. Rather, it constitutes a benefit in that coop builds confidence in the free enterprise system and returns sizable tax revenues from student coop earnings. As part of the Higher Education Act through the U.S. Department of Education, Co-op is provided funding to develop and/or expand programs. Referred to as title VIII, this $13,175,000 grant program has remained level for the last three years. Mississippi colleges and universities, both 2-year and 4-year, have benefited from title VIII grants in developing and expanding their co-op programs. My university, The University of Southern Mississippi, has received seven years of funding to establish our program. Presently, over 220 students are participating. Co-op student income at USM from July 1, 1989 to December 31, 1990 was $1,202,143. Mississippi and Federal employers involved are:

Co-op Employers in Mississippi:
Allstate Insurance
American Lab
Armstrong World Industries
Blue Cross Blue Shield
Coast Electric Power Association
Corp of Engineers
Ellisville State School
Gulf Coast Research Lab
Hercules
Hol-Mac
Howse Implements Company
Institute for Technology Development
Institute Naval Oceanography
Keesler Air Force Base
Leaf River Forest Products
Moore and Powell, CPA
MS Credit Union System
MS Department of Corrections
MS Power Company
NASA
NAVO
Northern Electric Company
Orleans Furniture
Pearl River Valley EPA
Regina Company
Scott Paper Company
Sherwin Williams
Siemens Incorporated
South Central Regional Medical Center
Sverdrup Technology
Syntek

USDA-OIG
Zeon Chemicals

Federal Co-op Employers Outside of Mississippi:
CIA
Federal Bureau of Prison
Minerals Management
National Labors Relation Board
National Security Agency
U.S. Customs
U.S. Department of Commerce
U.S. Department of Energy

Others Outside Mississippi:
Amoco
BellSouth Services
CIBA-GEIGY
Exxon Chemicals
Georgia Gulf
Gulf Power Company
Law Environmental
Schering-Plough
Southern Natural Gas
Tennessee Eastman Company
Texas Instruments
Walt Disney World

We are proud to relate success stories concerning the career of USM co-op students. Co-op has provided opportunities for many of our USM students to find jobs in Mississippi. The USM Co-op office maintains contact with our former co-op students to study their career patterns and advances. Letters from several of these students are included as Appendix A for the committee's review. The benefits to the students, the state of Mississippi, the university, the faculty and the community are numerous. We need to maintain this vital program to insure that Mississippi higher education, along with the rest of the country, will be preparing a world-class workforce for the future.

Sarah Hutto
Cooperative Education Program
University of Southern Mississippi
Southern Station Box 5014
Hattiesburg, MS 39401

June 18, 1990

Ivan J. Adams
3555 Lorna Road, Apt. D
Hoover, AL 35216

Dear Ms. Hutto:

I have been busy getting ready for my new job and put off sending you this letter (although I wrote it a while back).

I would like to thank you for the Certificate you sent me for completing the Cooperative Education Program. It is a physical acknowledgement of the experience I have gained through the program.

Since graduating in May, I have wanted to take the time to share with you some of the things I believe I have gained through the Co-op Program. I am sure you realize there are many things I can not put into words but some I can.

The easiest way to begin is by telling you about the jobs I have been offered as a Programmer/Analyst. The first offer was from Shell Oil Company in Houston, Texas for $37,000 a year. Within a month I received an offer from Dow Chemical in Baton Rouge, Louisiana for $33,840. Within two weeks after that I received an offer from BellSouth Services (with whom I co-oped!) in Birmingham, Alabama for $34,100. Two weeks later I received an offer from Dow Chemical in Freeport, Texas for $33,840. I also received other invitations for interviews and jobs from EDS in Texas, NCR in Georgia, Boeing in Washington, CSC in Mississippi, and a few others I do not remember.

As you may recall, I returned to graduate school after not being able to find a job with only a B.S. in Computer Science (and a 3.5 GPA!). I then decided that my lack of experience was the key to improving my prospects and returned to college with the one goal of obtaining that experience. Through my co-oping with the Computer Science department as well as BellSouth Services, I got that experience.

I never expected the response from employers to be so positive. And I truly believe most of my success is due to my involvement with the co-op program. I gained experience in my field of work, improved my management and leadership skills, and gained confidence in myself.

I am glad the Co-op program was there to help me get a job when my degree failed to do so. I realize that having a Masters Degree in Computer Science has helped raise my salary and my experience level, but I feel the co-op program got me my job. On June 26, I will go to work for BellSouth Services in Birmingham, Alabama. As you can see, the co-op program often leads to permanent employment as I am sure you know.

I hope the co-op program continues at USM. It is an integral part of the curriculum. And as such, I hope that students in the future will be able to earn credit for their co-op work. The experience gained through co-oping was more instructional than many of the courses in my major. I hope that students will eventually be able to substitute that experience in place of courses in their major. I know of other schools that recognize the importance of co-oping and award students up to 9 hours of credit for co-oping. In turn, the University gets regular hourly fees which can then be returned to help fund the co-op program. Everyone benefits from the arrangement.

I know I will not benefit from such an arrangement but I feel I have gotten my fair share from the co-op program. Keep up the great work and Thank You for your help and guidance in making me more marketable.

Sincerely Yours,

Ivan J. Adams
Management Assistant,
BellSouth Services.

1517 Lincoln Circle
McLean, VA 22102
November 27, 1989

Cooperative Education Office
University of Southern Mississippi
Sarah Hutto
Southern Station Box 5014
Hattiesburg, MS 39406

Dear Ms. Hutto;

I am writing this letter about two-thirds through my first tour as an analyst with the Central Intelligence Agency. I have thoroughly enjoyed my job here and although I will be glad to be at home for a while, I am sure I will be eager to return.

I would like to thank you for helping me to find my job here at the agency. Not only did you find a job suitable for my needs, but you helped me prepare for the interview and gave me a great deal of moral support. I also enjoy the newsletter you send out for it helps me keep abreast of other opportunities that are out there. One of the services your office provides that I am most thankful for is helping your students to register for the next semesters classes. It is really hard to take care of all the necessary details over the phone and your help has been wonderful.

I believe the cooperative education program has been and will continue to be one of the most important parts of my college career. I have learned how the real world works and this knowledge will enable me to better plan the remainder of my curriculum. It has also given me that necessary job experience for when I graduate.

I would like to express my thanks again for all your help.

Sincerely yours;

Nancy L McBride

Nancy McBride

SHELTON VANCE
ROUTE 1, BOX 125
NEWTON, MS 39345

November 27, 1989

Mr. Ronnie Nettles
Cooperative Education
Box 5014
Southern Station
Hattiesburg, MS 39406

Dear Mr. Nettles:

Please accept my thanks for the help your office has provided me while participating in USM's Co-op program. You and your staff are well qualified to direct this important program at USM.

While working with Blue Cross & Blue Shield of Mississippi, I was able to benefit from hands on experience. I completed field audits and assisted in some administrative work regarding other phases of accounting work.

Again, thank you and your staff, especially Mrs. Gail Miller, for all the effort and concern you exhibited toward me.

Sincerely,

Shelton Vance

November 19, 1989

Lynn M. McDown
15928 Cottonwood Drive
Biloxi, MS 39532

To Whom It May Concern:

I am writing in regards to the benefits I have received from the University of Southern Mississippi's Cooperative Education program. First of all, by participating in cooperative education, I can not only earn excellent money but, more importantly, receive valuable experience in my chosen profession.

Although I have not yet begun my job assignment, I have secured a wonderful job with Moore and Powell accounting firm in Biloxi, MS. I must admit that I could not have secured such a job without the help of the excellent staff at the Cooperative Education office. The reason for such a statement is that at one point I had decided to withdraw my name from circulation, for I was beginning to have reservations about the possibility of living away from home. However, Gail Miller persuaded me to continue with the program on the condition that she would find a job for me on the Gulf Coast. To my elation, Ms. Miller called me not more than a week later to inform me of a possible job opportunity in Biloxi, my hometown.

In conclusion, if Ms. Miller had not performed in the manner in which she exhibited, I would not have secured such an excellent job. Her concern and dedication to her job has benefited me in several ways. First of all, I will be able to earn very good money--money that will pay for my education. In addition, I will gain very valuable job experience, for which I could not have achieved without the aid of Cooperative Education program at the University of Southern Mississippi.

Sincerely,

Lynn M. McDown

160 Beth Ct.
Waveland, MS 39576
November 16, 1989

Ronnie Nettles
Assistant Director - Cooperative Education Department
Southern Station, Box 5014
University of Southern Mississippi
Hattiesburg, MS 39406

Dear Mr. Nettles:

I am writing in regards to the University of Southern Mississippi's Cooperative Education Program. In the summer of 89, I started my co-op with the John C. Stennis Space Center as an electronics technian. For the past several months I have benifited from my opportunity to co-op by several different facits of the working enivronment. In college, a person is *taught* the important role of the computer. However, through work, I have seen its actual use and the dependence we have upon this remarkable piece of electronics. Also, I have the opportunity to interact in a social atmosphere where a person is constantly dealing with people and situations.

Through co-oping, there is also the learning experience of independence. The proceas of learning to depend on yourself and the handling of financial matters increases your self-confidence and self-image. The opportunity that the University of Southern Mississippi's Cooperative Program has offered me has given me the chance to realize my capabilities that I possess and the important role an education plays in this period of time. I would like to thank all those who have helped me obtain this position and the chance to grow as an individual.

Sincerely,

Kristen D. Savage

Kristen D. Savage

162 Oak Grove Place
Biloxi, MS 39530
November 27, 1989

Cooperative Education Department
University of Southern Mississippi
Southern Station Box 5014
Hattiesburg, MS 39406-5014

The Cooperative Education Program

The Cooperative Education Program is very beneficial to all students that are hired to work. Students are given irreplaceable experience and a chance to help pay for some or all of their college costs.

I use to "co-op" for BellSouth Services in Birmingham and am now "co-oping" for Keesler Air Force Base in Biloxi. From working with BellSouth, I have had experiences and gained knowledge that I would have not gotten through classes alone. From working at Keesler for only one semester, I have learned more about electronics than I thought I would. I could go on and on.

The program gives many students a chance that they would not get otherwise. The knowledge students obtain from the program is priceless.

Andy Bagby

Senator COCHRAN. Thank you very much, Dr. Tullos, for your contribution to our hearing.

We now have Dr. Sandra Burkett, from Mississippi State, here to talk about the Writing/Thinking Institute.

Welcome, Sandra.

Ms. BURKETT. Thank you, Senator Cochran.

I want to first thank you for all of the work you and your able assistant Doris Dixon are doing for the National Writing Project at the Federal level.

Senator COCHRAN. The bill passed the Senate as part of S. 64. I introduced it in January of this year and it passed the Senate in April and is now awaiting action in the House. This will make available grants all around the Nation for the program that Sandra runs at Mississippi State.

Ms. BURKETT. And without your work, we would not have been able to have this, so we are really looking forward to it and participating in its success.

Senator COCHRAN. Thank you for helping generate the support.

Ms. BURKETT. As the representative of the Mississippi Writing/Thinking Institute, I am very pleased to be able to give testimony to the power of the national writing project for building a world class workforce. We have 7 universities working together with public schools in Mississippi in our institute, at Alcorn State University, the University of Southern Mississippi, Jackson State University, Mississippi Valley State University, Delta State University, the University of Mississippi, and Mississippi State.

Together, we are working to enhance teaching and learning through teaching teachers all over our State, not only how to teach writing per se, but to use writing to teach their content subjects in history, mathematics, using writing to teach reading, business subjects, vocational subjects.

One of the things we know about writing is it has a wonderful power to help people learn to think and to express their ideas, so we are working with public school teachers to enhance that capability all over our State.

I want to specifically address the impact of the National Writing Project in Mississippi, because it has had a profound impact on education. Our work is only beginning, but more of this same impact is what we would like to see happen.

Most important, this project is empowering teachers. Without good, vital teachers, we would not have any education at all, and this project recognizes that, and the model that we use is the one that was developed at the Bay Area Writing Project in 1974 and is in practice at 159 different sites. It is a simple model of teachers teaching teachers.

We at the university value the collaboration we have with public school teachers. We invite those excellent teachers to our campuses in the summer to write together, to share ideas about teaching writing, and to get prepared to conduct staff development with other teachers. Then during the school year, those best prepared work with other teachers go out and conduct staff development under the auspices of the program.

Teachers who participate in our staff development say it is the best staff development they have ever seen. If they can leave with

specific ideas of the things can do with their own students, they are revitalized as teachers, they get to remember why they came into teaching in the first place, because their learning process is for teaching that builds community and intimacy in the classroom, and give everybody a chance to be an active learner.

We are also empowering students, and you will get to hear the testimony of one of those students who is in one of our universities later, so I want to focus more in my testimony on the other things we are doing.

One of the really positive contributions we have been able to make in Mississippi is developing a model for at-risk youth, to get them involved and to know that they are going to be able to make contributions.

We are retaining teachers in the profession. We have had many teachers who have arrived in our program say, "I was ready to leave teaching, but this program has given me new life."

We are also involving parents in education in ways that they have not been involved before. We are teaching parents in some of our areas how to respond to their students, as writers and learners. We are conducting some workshops with parents to help them experience writing thinking approaches and the writing process to education.

I would like to share with you two or three testimonies from teachers who have been involved in this project, because the teachers' voices are the important ones from our and then, of course, the students' voices.

One teacher said, "Teachers who participate in the writing project are forever changed. I believe I am a much better writing teacher today, because of our summer institute. In addition, teachers in our staff development sessions have been so positive about the practicality, the organization and worth of the sessions, that I believe we are making a significant contribution to the teachers in Mississippi."

Another teacher who left the ministry to come to the classroom found a new place for his ministry. He said, "I have been teaching almost 3 years, after 11 years in the ministry. I was a very good minister. Now, through the Delta Area Writing Project and the Mississippi Writing/Thinking Institute, I am an excellent teacher-learner. At no time in my church have I enjoyed the level of intimacy and change that I have in the classroom through writing."

I have seen at-risk kids perform a modern version of the Canterberry Tales of their own writing, flawlessly before their peers. I have head a student on his own learning. The student said, "When I get to college, I am going to take a speech course, because I saw what I did in the Canterberry Tales, and I need to improve."

Before the writing and sharing in our classroom community, college and future success were pipe dreams. Now they are realistic goals for my students. The writing project in the classroom is not only promoting learning for students and teachers, it is forever changing lives.

Thank you.

[The prepared statement of Ms. Burkett follows:]

PREPARED STATEMENT OF MS. BURKETT

Thank you, Senator Cochran, Fellow Panelists, and Honored Guests. As a representative of the Mississippi Writing/Thinking Institute, I am honored to have this opportunity to give testimony to the power of the National Writing Project to transform the lives of students and teachers. In Mississippi the National Writing Project is profoundly enhancing our capability of producing a world class work force. First, I will tell you who we are and describe the basic assumptions and program of the National Writing Project. Then I will address the impact of the National Writing Project in Mississippi.

The Mississippi Writing/Thinking Institute

The Mississippi Writing/Thinking Institute is a network of seven National Writing Project sites: the Mississippi State University Writing/Thinking Project, established in 1985; the Delta Area Writing Project at Delta State University, established in 1986; the South Mississippi Writing Project at The University of Southern Mississippi, established in 1986; the University of Mississippi Writing Project, established in 1987; the Alcorn State University Writing Project, established in 1989; the Mississippi Valley State University Writing Project, established in 1989; and the Jackson State University Writing Project, established in 1989. Each affiliate is a site of the National Writing Project, and our programs are modeled after the National Writing Project Model, which originated as the Bay Area Writing Project.

We work with teachers to enhance learning through teaching writing and using writing to teach all subjects. Our work spans all levels of education in Mississippi--kindergarten through university, and all subject areas--mathematics, reading, English,

history, science, business education, vocational education. Together, because of our roots in the National Writing Project, we have begun making a significant impact on education in Mississippi. Our work is begun, but it is not finished. Federal support for the National Writing Project will magnify our efforts in Mississippi, will extend our effectiveness to many teachers and students who need us.

The National Writing Project Model

The National Writing Project (NWP) is an expanding network of collaborative university-school programs to improve writing and the teaching of writing in the nation's classrooms. The NWP network now numbers 159 sites worldwide; 144 in 44 states, and 15 in Canada, England, Australia, Sweden and Finland, with additional sites in Europe and Asia serving American teachers in U. S. dependent and independent schools.

Basic Assumptions of the Bay Area Writing Project Model

The power of the National Writing Project rests in the tenets of our basic philosophy:

- **We believe that the University and the schools must work together as partners in a cooperative effort to solve the writing problem, common to both levels; that new collegial and non-hierarchical relationships between professors, instructors and teachers are essential; that the top-down tradition of past university/school programs is no longer acceptable as a staff development model.**

- **We believe that while most teachers in the schools have never been adequately prepared as teachers of writing, there are, nevertheless, teachers at all levels--elementary school through university--who out of necessity have learned how to teach students to write and have, through trial and error and in the privacy and isolation of their own classrooms, developed effective approaches to the teaching of writing and the use of writing to teach all subjects.**

- **We believe that these successful teachers can be identified, brought together through campus Summer Institutes, and prepared to teach other teachers in project-sponsored workshops conducted in the school districts throughout the school year.**

- **We believe that the best teacher of teachers is another teacher--teachers believable as consultants because their ideas and the specific teaching**

strategies they demonstrate have been developed with real students in real classrooms.

-- We believe that teachers of writing must write themselves; that they need to experience regularly what they are asking of their students; that they need to discover and understand the process of writing they are teaching through their own writing; and that they need to write during inservice workshops, testing new ideas, new approaches, as if--for the moment--they were their own students.

-- We believe that real change in classroom practice happens over time; that effective staff development programs are on-going and systematic--programs that make it possible for teachers to come together regularly to test, try out, and evaluate the best practices of other teachers.

-- We believe that effective programs to improve student writing should involve teachers from all grade levels and teachers from all content areas; that the idea of writing as a way of learning is an idea that teachers across the curriculum and across grade levels find compelling.

How an Individual Site Works

The program of each National Writing Project site includes a summer institute; school-year, school-based staff development programs for teachers; and school-year activities for summer fellows. All program components are modeled after the Bay Area Writing Project, the original site of the National Writing Project.

Summer Institute. The Summer Institute includes writing, presentations/ demonstrations by the Fellows, guest speakers, writing response groups, weekly social events, and opportunities for exploring special topics of interest. Each participant writes four papers, including three papers about a single event or topic from three points of view and a position paper about a school writing program. These papers are the focus of the Response Groups, which meet three times a week to read and respond to papers written by Fellows. In addition to those writing assignments, the participants do much writing during the Institute sessions.

During the Summer Institute, each Fellow demonstrates an effective approach to teaching writing. Each demonstration includes one concept or instructional approach, an explanation of why that approach is effective, a writing activity, and samples of student writing. To insure the quality of these presentations, the project director and/or co-director meet with each Fellow before his/her demonstration to listen to the plan and offer constructive criticism, ask questions, and offer suggestions.

Follow-up Activities. During the school year the Teacher/Consultants meet to continue the experience of the Summer Institute. Activities include presentations, discussions of the in-service programs they are conducting, meetings of writing response groups, and guest speakers.

In-school Staff Development Programs. The major school-year activity is in-service for area schools. The director of the project works with area schools to establish the in-service programs. Then one of the Teacher/Consultants coordinates each staff development series, inviting other Teacher/Consultants to do presentations as appropriate. The Teacher/Consultant Coordinator investigates the special needs of the school--the nature of the students served, and the needs of the particular teachers to be involved--and works closely with the school system in designing the project. Participation in these programs should be voluntary and may be for credit, depending on the needs of each group of teachers. Staff Development demonstrations include such approaches as the following:

Introduction to the Writing Process: Developing Fluency
Introduction to the Writing Process: Instruction, Evaluation, and Publishing
Getting Started
Designing Prewriting Activities
Promoting Group Writing Activities
Integrating Grammar and Writing Instruction
Specific Writing
Using Peer Response Groups
1:1 Tutorials

Writing to Learn Mathematics
Writing to Learn Science
Writing to Learn Content Areas
Responding to Student Writing during the Writing Process
Remedial Strategies: Writing in Teaching Reading
Evaluating Writing
Using Writing to Achieve Non-Writing Instructional Objectives
Publishing Student Writing
Using Writing to Promote Higher Order Thinking Skills

Impact of NWP in Mississippi

The National Writing Project in Mississippi is empowering teachers. Many are becoming teachers of other teachers, and in so doing finding their talents appreciated as never before. Others are learning from those teachers, and they are experiencing the thrill of seeing their students' writing and learning dramatically improve. One such teacher has participated in a year-long program called The WONDER of First Grade. [WONDER is an acronym for Writing Opens New Dimensions of Educational Realms.] This is what she wrote to the teacher who was teaching her:

> Dear Sherry,
>
> As I was working around the house this morning, my mind was filled with all sorts of new ideas I want to try in my classroom. (This has become quite a habit over the last 2 months. Ideas come to me at all hours of the day and night!) But today it finally dawned on me. (I'm a little slow!) The Wonder of Learning is not about the children - it's about me! I'm the one doing all the learning. As a result, I daily see new discoveries being made in my classroom. I could never say thank you enough for helping me to understand that first graders are capable of thinking and making decisions and judgments. I think I have been a good teacher in the past. My school has honored me with an Educator of the Year award and several nominations in recent years. However I now realize that many children have probably left my room without the thinking and writing skills which I hope my present and future students will possess. . . .
>
> I manage to squelch these fears [of test scores] when my children discuss (as they did this week) whether or not Max, the boy in Where the Wild Things Are, had security. After reading Wild Things and Wild Baby Goes To Sea, they were comparing the 2 books. I was writing their comparisons on chart paper. When Kalisa mentioned that Max didn't have security because of the monsters, a discussion

(actually debate) ensued. One side argued that yes, he did have security. He was really in his own house. His mother was there. Their poor teacher had such weak knees she had to sit down!

Another highlight of my week came Friday after journaling. We were in the circle sharing, when Morgan read from her journal, "My mom is going to have a baby. It might be a boy or it might be a girl." Until that particular day, Morgan's journal entries had consisted of "I love red. I love blue. I love dogs. I love fat dogs." etc. After Morgan read, we talked about how interesting it was to hear about her new baby. When suddenly Samantha, a little girl who seldom speaks out, said, "But Morgan, how do you FEEL about a new baby: Are you excited? Are you happy?" Trying to contain my excitement, I said. "Sam, do you want Morgan to write about her feelings about the baby?" With a big smile, she said, "YES!"

I shared all of this with my mother who has taught for 28 years. She remarked, "This is the first group you've had who would respond like that, isn't it?" Sadly, I realized it's the first group I've allowed to respond like that.

I could go on and on, but I've taken enough of your time. Robert did rewrite and publish his dragon story. We celebrated with an Authors' Tea which was attended by Robert's mother, kindergarten teacher and school custodian. (Robert's request!)

Thanks again for your guidance. The wonderful part of this process is that it can be implemented on my timetable. I'm fortunate that I'm in a school situation where I feel no pressure in that area.

See you soon,

Sharon Long

P.S. I can't wait until Monday to find out how Morgan feels about her new baby!

All that because one teacher shared with another her successful practices in National Writing Project staff development!

The National Writing Project in Mississippi is empowering students and thus building their self-esteem. Students are finding their own voices. One student, asked how the approaches his teacher had learned in NWP staff development were different from other classes, responded:

> **In this class we are thinking with our own minds instead of always taking information out of a textbook.**

Such writing and thinking helps students know that they have ideas of their own, and that is power. Such recognition of their own efficacy builds self-esteem in students.

The National Writing Project in Mississippi is helping at-risk students prepare to become effective members of a world class work force. One of the most successful aspects of the work of the Mississippi Writing/Thinking Institute has been the development of a curriculum for at-risk high school students and related teacher preparation for those who would teach the curriculum. Called The WONDER of Learning, this curriculum has at its goal the restoration of wonder and wholeness to learning for students at risk of failing. Writing/thinking strategies are the basis of the learning experiences in the curriculum. But even more important, the National Writing Project model of staff development is used to prepare teachers to use the curriculum. For both teachers and students, the curriculum has been profoundly effective. Reports are that 95% of the students who have had the WONDER curriculum pass the Functional Literacy Examination.

The National Writing Project in Mississippi has raised standardized test scores in classrooms and districts in which effectiveness has been studied. Several research studies reported later in this testimony have shown that students whose teachers have had National Writing Project staff development perform significantly higher on standardized test scores than students whose teachers have not had such staff development.

The National Writing Project in Mississippi has introduced 3965 teachers to writing/thinking approaches in 517 staff development sessions since its inception in 1985.

The National Writing Project in Mississippi is involving parents in their children's education in new and exciting ways. Some teachers are

involving parents in writing/thinking workshops to help them know how their students are being taught. Those are conducted according to the model of the National Writing Project. Others are involving parents in other ways. Suzanne Thompson, first-grade teacher in Meridian, made this statement:

> I am using journaling with a few of my parents at home. Their child is keeping a journal at home to achieve a goal - either expressing feelings, in one case - or reinforcing and encouraging writing in another. I can't believe I've waited this long to have my parents involved with my students' journaling.

The National Writing Project has helped retain good teachers in Mississippi. Numerous master teachers have made statements such as Hilda Wade's:

> In 1985 after 15 years of teaching, I was overwhelmed with paperwork, worksheets, and testing. I was burned out! The students were bored and so was I. Then I was accepted to participate in the first South Mississippi Writing Project Summer Institute. This changed my life. School became exciting again. As I practiced new ideas and philosophies I had learned in the institute, my class gradually changed from a teacher-centered classroom to a student-centered classroom. I began to question many of the accepted practices that I had done in the past. I began to also think about my development as a student and what had really worked and what had not worked. More and more I am looking at what is going on in my classroom and what the students are saying about their own learning. We are constantly revising techniques in the classroom as needed. Students are really thinking, and learning has become fun again. Since beginning this research project this year, I have been trying to observe language development and to evaluate my language program. I can honestly say that if the writing project had not come along when it did, I would not be in the classroom today. --Hilda Wade

Teacher Testimony to Impact in Mississippi

The best way I can tell you about the impact is the National Writing Project sites in Mississippi is to let you hear teachers' voices, giving testimony to the impact in their lives and the lives of their students. Teachers who have participated in staff development conducted by the Mississippi Writing/Thinking Institute affiliates have made statements

such as these in response to the National Writing Project staff development sessions in Mississippi:

> One thing is certain: education is on the up-swing in Mississippi. If only more teachers were involved in projects such as this one, what a revolution could occur in our state. . . . In searching for trends and developments in their writing histories virtually every student discovered some way in which his or her writing has improved. Of course, as the instructor, this is certainly the outcome I hoped for, but, in discovering this for themselves, the students have much more confidence in their progress. In short, it is one thing for me to say "you have improved so much," and quite another for a student to say "I really am becoming a better writer." -- Babs McMillin
>
> Until I began this workshop, I was muddling through my English classes...Today I have a clear insight into what it means to teach. -- Debi Honnoll, South Panola
>
> During the morning (staff development) session, I mourned the fact that every teacher in our district was not here. --Fay Hayden, South Panola
>
> I have learned so many things I will need a gunny sack to take them back to my classroom. They should have sent all the faculties to hear the many different methods that can be used to lead students into learning. --Flora Holden
>
> Today's session was informative in the areas of how we can learn from each other. Also that thinking is learning and we should develop activities for our classes that involve students thinking. Today's session involved ways in which we can open our minds to creative thoughts in order to better prepare our students in their other areas. --Bobby Hankins
>
> I have learned that writing can be fun--that writing can emerge from any class situation--that writing can be a learning tool as well as an evaluative tool.
>
> I learned that there are many ways of learning but writing is one of the better ways, because of thinking that is applied. I learned different ways that teachers could use to get students involved in writing topics.
>
> I came away [from National Writing Project staff development] ready to restructure and become involved in a writing-based integrated curriculum. --Jacqueline Krass

Teachers who have participated in our Invitational Summer Institutes and have become Teacher/Consultants of the projects have made statements such as these:

I have been teaching almost three years after eleven years in the ministry. I was a very good minister. Now through the Delta Area Writing Project and the Mississippi Writing Thinking Institute, I am an excellent teacher/learner. At no time in the church have I enjoyed the level of intimacy and change that I have in the classroom through writing. I have seen at-risk kids perform a modern version of The Canterbury Tales of their own writing flawlessly before their peers. I have heard a student own his own learning: "When I get to college I am going to take speech courses. I saw my work in The Canterbury Tales and I need to improve." Before the writing and sharing in our classroom community college and future success were pipe dreams. Now they are realistic goals for my students. The writing project "in the classroom" is not only promoting learning for students and teachers, it is changing futures. --John Banks

More than anything else, the teachers who have attended the workshops have discovered they have been holding to a myth for many years: that children do not like to write. They have found the exact opposite to be true when students are allowed to write in a nonthreatening environment and have taken part in idea-generating prewriting activities. Those teachers who seem to be the most appreciative of what we have brought to them are content area teachers who are now using writing as the valuable learning tool it is. Their students are happy and they are happy. --Elaine Richardson, West Lauderdale High School

I have proven to myself that writing does increase knowledge and retention. By having my students write to learn, grades have improved an average of 16%. Many teachers in Clay County and New Albany have commented that the writing workshop is the best staff development program they have had. -- Judy Morris, Columbus

According to what I have heard from the teachers at South Panola, in these sessions, contrary to most staff development sessions they have attended, we practice what everyone preaches: active involvement of the learners. I gather from comments made that not only have we put into practice good educational theory, but these sessions have been more interesting and more useful than the usual staff development sessions! --Susan McCaffery, Wood Junior College

Teachers who participate in the Writing Project are forever changed. I believe I am a much better writing teacher today because of our summer institute. In addition, teachers in our staff development sessions have been so positive about the practicality, the organization, and worth of the sessions that I believe we are making a significant

contribution to the teachers in Mississippi. --Jane Wharton, Hattiesburg

The writing/thinking approach is helping my students at all ability levels think better. --Ron Locke, Columbus

I experienced the power of writing as an instrument for personal and professional growth that summer, and by the end of the institute, I was renewed and excited to be a teacher. The possibilities, as they often do when I'm not actually facing a group of students, seemed endless. I wanted to rush into my classroom, to share learning experiences and magical moments with my students while helping them to feel the power of their language. I wanted to give them the gift of language, the freedom to play with it, to use it as their tool for learning, to command it and not feel commanded by it. I wanted to open language to possibilities, not set limitations with boundaries of correctness and form. I wanted to implement writing-based instruction fully in my classroom. --Sherry Swain

The writing/thinking approach automatically individualizes. It also helps more students reach the objectives in our Instructional Management Plans. --Terri Steffen, Jackson

All teachers in our staff development series are putting the new writing ideas into practice. They are so positive about every workshop and the results. --Jane Bruckmeier

Since we first met in October last year, I haven't viewed my classes in quite the same way. I question the importance of everything. With every assignment my students have done, I have completed some type of research - either concerning the processes or the end product. I've become much more aware of the different "voices" in our classroom communities. the 65 year old retired legal secretary, the Church of Christ minister whose wife is also in the class, the competitive brother/sister team, the English major who's an English major because he has "never been any good at it" . . . . What rich research material. These students definitely have voices that deserve an audience. We can learn so much from them. In October, I had a different view of my students and their understanding of the writing process. Thanks to the MS Writing/Thinking Institute, their voices are no longer suppressed. --DeLois Gates

The most important aspect of this institute for me is working in the company of other Writing/Thinking participants, who have offered me much stimulation for pursuing teacher-student writing goals. I have also gained numerous ideas as to how to pursue future teacher/student writing goals. --Elton C. Wolfe

My association with the National Writing Project has been rich and rewarding for me professionally. Not only has it drastically and

permanently changed the way I teach, it has also opened the door for me to share what has happened (and is happening) in my classroom. I have had articles published in The Idea Factory, NCTE Journal, and two short articles in English Journal; I also have done staff development for several school districts - all as a direct result of my involvement with The Writing Project. Without reservation, I can say that The Writing Project is the best thing that has happened to me - and to my students! --Margaret (Sims)

The National Writing Project has been the link that bridged the gap in affirming my belief that I can write. This new found freedom has also enabled me to deviate from "traditional methodology", persuade colleagues to attend Writing/Thinking Institutes and transform once lifeless students into enthusiastic writers with a mission. --Sammie M. Crigler

I felt like "a voice crying in the wilderness" until I became a fellow in the National Writing Project. Overdramatic? The only people who would think so have never been rebuffed by their teaching peers because they have not given up on kids and education; have had their students' enthusiasm and involvement criticized as "playing." The NWP gave me a support group that I could not find in my own school - a support group for student-centered teaching. This has been vital to what success I've had; more importantly, it has been vital to my students' success because I have been encouraged to keep the focus on students, to try new strategies, to be a learner in my own classroom, to admit when I need to make a change and then do it, and to be human and share my own struggles with my students, not a demigod with all the answers. --Gerry Sultan

Research Evidence of Impact

Since the inception of the Mississippi Writing/Thinking Project, many teachers have conducted research in their classrooms to evaluate the effectiveness of writing/thinking approaches and to improve their own classroom practice. The following nutshell summaries of findings indicate the variety of types of research and the confirmation of the effectiveness of practice. All these success stories are the result of the teachers-teaching-teachers model of the National Writing Project.

Researcher ***Findings***

Dan McQuagge	In 1988-89 in the Mississippi Delta, one of the poorest regions of the nation, districts that had National Writing Project staff development scored significantly higher on Written Communication at 3rd, 5th, and 8th grade levels on Basic Skills Assessment Program tests administered by the State of Mississippi than the average in the State. In schools served by the Delta Area Writing Project, test scores were double and triple the state average. On the Stanford Achievement Test, in every district DAWP worked wih, the written communication scores on the Stanford test were the highest scores in the district. All districts the Delta Area Writing Project has worked with who were on probation are now off probation - from 23% passing the FLE to 100%.
Gerry Sultan	Writing/thinking strategies significantly enhanced ACT scores for minority students.
Gerry Sultan	95.5% of the 11th graders in a school with almost 100% minority and 95% of the students on the free and reduced lunch program successfully passed the direct writing component of the 1987 FLE because of writing process approaches to learning to write, learned in National Writing Project programs.
Sherry Swain	First graders who were taught with writing/thinking process instruction made twice as much gain in vocabulary as children who were taught through traditional approaches.
Dolyene Davis	Eighth-grade history students taught with writing/thinking approaches had greater long-term retention than the students of equal ability who had a traditional approach. Further, a much lower ability level experimental group had greater long-term retention than the higher ability level control group.
Joan Butler	Staff development sessions provided by National Writing Project sites played a major role in increasing reading scores by 30 percentile points in the Starkville Early Childhood Center.
Anna Quinn	Peer-response and teacher conferencing, both important components of the writing process approach, are effective in improving student writing ability.
Sara Dacus	Students whose teachers had had National Writing Project staff development showed significantly greater achievement on the California Achievement Test than students whose teachers had not participated in that staff development. Involved teachers had a significant positive change in attitude as a result of the staff development.
Sandra Burkett	A curriculum written by teachers of the Institute using writing/thinking instructional approaches to teach reading and mathematics to 1500 remedial high school students was piloted at 22 locations across the state. The expected gain in reading and

	mathematics combined was 4 months grade equivalency in each area. The actual gain on reading was 1 year 7 months, and in mathematics, 1 year 9 months.
Patricia Mitchell	Writing/thinking instructional approaches significantly enhance students' higher level thinking abilities as measured by the Watson Glaser Critical Thinking Appraisal. Particularly significant is the fact that lower socioeconomic students made greater gains than any other group of students in this research, dispelling the myth that development of higher order thinking skills should be a priority only for college-bound students.
Jane Talbert	Student-generated review increased long-term retention.

Need for Federal Funding

Despite the evidences of success presented above, I must emphasize that our work in Mississippi has only begun. We have begun to reach students in ways they have never been reached--truly engaging them in learning, helping them become problem solvers and thinkers, helping them become potential strong members of a world class work force. Particularly have we seen astounding results in our work with at-risk youth, with minority youth from lower socioeconomic levels. All this success is due to the power of the model of teachers teaching teachers. Teachers are believable. They can speak with experience and credibility to other teachers. Because of that credibility, teachers will implement practices they learn from other teachers. We have introduced approximately 4,000 teachers in Mississippi to writing/thinking approaches to teaching. But there are so many more. And an introduction is not all the teachers need to make the major changes in classroom practice that they need to make. They have worked in situations where they have felt required to teach isolated skills rather than teach skills in the context of reading and writing. Change takes time. A little change that works builds confidence to risk more change, and

support is required along the way. Therefore, we need to expand and continue our work with teachers.

In Mississippi we are very fortunate to have a state appropriation that supports our summer institutes and a small amount of staff development. Bu.. many of our districts who need the most help are not financially able to pay for writing/thinking staff development. Federal support would allow us to expand our efforts into those districts and to intensify our efforts with districts most in need of assistance and teachers most eager to change. Federal support can give more students the opportunity to discover the power of their own writing and thinking abilities. Federal support can give more teachers the support and expertise they need to teach writing and to use writing to teach reading and history and mathematics and science and all other subjects. Federal support can help us develop a world-class work force in Mississippi through National Writing Project staff development.

Evidence of Student Writing and Thinking:

Letters to State Officials from Students on Improvement of Education in Mississippi

APPENDIX A

301 Hutchinson Avenue
Hattiesburg, MS 39401
April 8, 1991

Dr. Richard Thompson
State Superintendent of Education
P.O. Box 771
Jackson, MS 39205-0771

Dear Sir:

Our state of Mississippi, from the flatlands of the Delta to the sunny shores of the Gulf Coast, greatly needs and deserves the best educational system possible to help not only the children of today but also those of tomorrow. Although several noble attempts have been made to correct and up-grade our present educational system, recent studies provide schools with more effective and productive methods of teaching, yielding a more enlightened and informed student who can compare with the highest ranking students in the nation. Hopefully bringing your attention to the weaknesses of our present state curriculum for English will encourage a change, which will help Mississippi's educational system to become competitive with other states demonstrating excellence.

As stated in the English Language Arts Framework for California Schools Kindergarten Through Grade Twelve, "Students who are asked open-ended questions and . . . explore many possible answers rather than hunt for the teacher's 'right' one discover that real learning takes place because of their own understanding of what the ideas and answers and issues mean to them." However, our present system promotes learning based on memorization. With this idea in mind, we find many of our mandated objectives to be very burdensome, if not below our respective grade levels. For instance, a grade ten student should not only be able to arrange simple sentences in sequential order (English Core Objective 357), but he should also be able to create his own sentences in the framework of essays. Grade eleven students should not only be able to spell "grade level" words (English Core Objective 063), but they should utilize them in their working vocabularies and all other communications. And by grade twelve, a student needs not only to be able to define hyperbole (English Core Objective 92) but should learn how it effects the overall meaning of a work, or perhaps how it could enhance the student's own work. Many of the objectives for grades ten through twelve could be covered in elementary or junior high school, leaving room in high school for the application of knowledge to ourselves, each other, and the world around us.

We also want to address the use of literature in the Mississippi educational system. The Handbook for Planning an Effective Literature Program states that selections to be read in school should "raise questions, stimulate the imagination, provide a fresh point of view, and expand the student's knowledge of the world and of the possibilities inherent in language." In all three grades, ten through twelve, the Reading Objectives cite free reading as an important study skill. Granted, reading is a powerful tool for learning, but it should definitely be integrated with writing and discussing. Likewise, instead of merely discussing favorite authors and selections (Reading Core Objectives Grades 10, 11, 12), the Handbook for Planning an Effective Literature Program suggests that teachers "focus on central issues, interpret symbols, discuss meaning, and argue interpretations." Reading means nothing if a student cannot find meaning as it applies to himself, his beliefs, or his society.

Thank you for any consideration you might give our ideas. Mississippi has the potential to shine in educational excellence, but our state cannot succeed until changes have been made. The future of our children depends solely on a reformed educational system, so please do all you can to bring the state of Mississippi the changes it greatly needs.

Sincerely yours,

April Dupree

Michelle Manguno

Jennie Pritchard

Sarah Stanton

APPENDIX A

301 Hutchinson Ave.
Hattiesburg, MS 39401
April 11, 1991

Dr. Richard Thompson
State Superintendent of Education
P.O. Box 771
Jackson, MS 39205-0771

Dear Sir:

We are high school seniors at Hattiesburg High School writing in relationship to the state reading objectives. We are concerned as eighteen year old Mississippians who will soon be attending college that these are not suitable for entering freshmen. Having experienced the education of this state for twelve years, we are deeply concerned about the future of Mississippi's children. We feel that only our few advanced placement courses have prepared us for the future. We are not stating that the education of this state is poor; rather, we are suggesting that the core objective list in reading is rather weak for high school students. The core list mainly deals with identifying methods rather than thinking about the literature and applying it in writing. This type of memorization that appears throughout high schools in Mississippi is not appropriate work for high school students.

Throughout grade school and junior high school, students in Mississippi are taught grammar and are tested on it in an identification method. As students enter high school, they should move beyond this point. As shown in objectives 079-113, defining literary terms is a main point for high school students.

Wouldn't it be better to broaden one's vocabulary words by reading literature and learning the meaning of words through context? Simply learning one or two definitions to a word does not mean you know what the word means in the context of literature. But if you can apply it to what you are reading, then you have truly mastered the art of vocabulary.

As seen in objective 112 free reading is important. But what types of books are being read? If students are not exposed to important works of literature such as Shakespeare, they will most likely not learn it on their own. It is a great idea to have in-class reading time, but class discussion is crucial to understanding what you are reading, and it is important to share different opinions on meanings and themes of literature. The thought process must be intertwined with reading.

Also, the objectives asking students to simply define metaphor, hyperbole, allusion, assonance, and symbolism is degrading to us. Ask us to apply it to some form of literature which uses our brain and thinking skills, but do not ask us to define a memorized definition that we will forget the next day. If we can learn to apply our learning, we will never forget it. The objectives, altogether, are not thought-provoking and lead twelfth grade students in no direction to be prepared for future education.

Reading is the most pertinent skill a human being can have. But reading is not simply sitting down and repeating the words on a piece of paper. It is understanding, applying and questioning. The Goal of Critical Thinking from Educational Ideal to Educational Reality explains that "To be informed. . . is to know simply that something is the case; to be enlightened, however, is to know in addition, what it is all about, why it is the case, and what its connections are with other facts." It's time that Mississippi is enlightened and not just informed. Let there be no objectives that teach us to memorize useless definitions, but require us to think as we read. We ask that you take what we have written seriously. It is meant as constructive criticism, not to degrade our educational system. We are thinking about the future and would hate to see Mississippi anything less than number one.

Sincerely yours,

Shea Curry
Shea Curry

Scott Polk
Scott Polk

Kelly Riley
Kelly Riley

Dianna Robin
Dianna Robin

APPENDIX A

11 Sharmont Drive
Hattiesburg, MS 39402
April 15, 1991

The Honorable Ray Mabus
Governor of Mississippi
Third Floor
New Capital Building
Jackson, MS 39201

Dear Governor Mabus:

The time is now. The time to which we are referring is the time to bring the state of Mississippi out of the cellar when it comes to education. As seniors at Hattiesburg High School currently enrolled in Advanced Placement classes, we have repeatedly heard that a quality education is important. However, this is not apparent in Mississippi. The state core objectives suggest that we are not serious about education in Mississippi. Specifically in the area of English, the objectives for grades 10-12 seem to considerably devaluate the importance of a strong English and literary foundation needed both in college and beyond.

Although many objectives satisfactorily require Mississippi high school students to be acquainted with a range of literary terms and styles, basic definitions and recognition are nearly all that are expected. For example, Objective 110 (see Attachment), "Identifies symbolism," requires that a graduating senior be able to recognize use of symbolism. It does not, however, require that this recognition be furthered into an understanding of symbolism's unique contribution to varied literature or its usefulness to connecting literary works to the students' own perceptions of life and the world around them. "Symbolism," therefore, becomes more of an abstract term to be defined than a concept to be analyzed and appreciated.

The other objectives concerning literary terms (089-103) also have the same weaknesses; we are only required to learn the external meaning and never go in-depth and apply our knowledge. In fact, they are not even listed in conjunction with the reading objectives. Therefore, they are subject to being taught in isolation from the very literature that births their meaning and value. For, to read Vardaman say in William Faulkner's As I Lay Dying, "My mother is a fish," helps us to better understand what a metaphor is far more effectively than the lifeless words of a definition that can easily be lost from memory.

Diversity of literature also seems to be loosely provided for in the state objectives. The basic forms of literature again only need to be "identified" by a high school student, and there is no requirement for a variety of literature from

classic to contemporary to be read in any grade--simple unstructured "free reading time" (Obj. 112) is enough. Once again, the skill of reading is isolated--separated from necessary analyzation and personal evaluation and, also, removed from the vital skill of writing.

It may seem that advanced thinking skills applied to literature are not necessary for basic core objectives; however, these skills can enhance students' lives and encourage them to learn. As suggested in the English Language Arts Framework for California Schools Kindergarten Through Grade 12, an effective English-Language Arts program would call for exposure to significant literary works possibly requiring mandatory reading lists for each grade, an instructed evaluation of literature that conveys the connection between values in literature and the human situations they represent, and also instructional programs which integrate rather than isolate the skills of reading, writing, listening, and speaking. Such a program would better prepare all students for what will be expected of them in the future and, moreover, bring to life the treasure of great literature, helping them "move into, through, and beyond the literary work to a new understanding of themselves and the world around them" (English Language Arts Framework...).

From "Dick and Jane" to War and Peace, there is no doubt that our education has involved many pages and expanses of words. However, to keep Mississippi's youth from graduating only with this knowledge of words and an oblivion to their power and value, there must be an educational system that insists upon more. I am sure you agree that the current state objectives are not that source. However, with changes, they can be. When our curriculum is exchanged for a curriculum that is structured like that of current practices based on research, Mississippi's educational system will be inferior to none.

Sincerely yours,

Tyris Shelton

David Archer

Cindy Schaser

Senator COCHRAN. Thank you very much. It was a very impressive presentation.

Nate Williams, you are a student at that project in that course at Mississippi State. Tell us what you think of it.

Mr. WILLIAMS. Thank you for allowing me to be here today.

Senator Cochran, fellow panelists, and honored guests, my name is Nathaniel Williams. I am a junior at Mississippi State University, majoring in sports communications. I also am a member of the MSU football team. My position is nose tackle.

Football has been rewarding for me, but I am not here today to talk about my success on the football field. I want to tell you about my success in the classroom. My experience in the Writing for Thinking class at MSU has given me that opportunity.

I must admit, when my advisor suggested that I take this creative writing course, I was less than thrilled. The thought of doing writing assignments for a majority of my grade worried me a little bit. I had gotten average grades in English classes before, but I lacked the confidence in myself to realize that I did have a talent for writing. Writing for Thinking has changed my attitude, and I am grateful.

From the beginning, my teacher instilled in us the belief that, yes, we could write, and we could write well. The topics were always interesting, allowing us to dig deeply into our minds. My favorite assignment was one called, "I Remember," in which we had to make a particularly fond memory come alive for our readers. I wrote about my freshman year as a member of the Oklahoma Sooners football team. I am proud to say that I received an A on that paper.

Certainly, Writing for Thinking has greatly improved my writing skills. I want to tell you about another true benefit. It has helped me with my oral communications, too. Many of my writing assignment require us to interview various people. I learned how to prepare questions, relax, and conduct interviews on a professional level. Before taking this class, I would have been uneasy interviewing others.

We also spend many class hours working in pairs and in small groups. A gain, these types of class assignments have given me tremendous confidence in my oral communication skills. Never before have I enjoyed working in small groups, but my teachers an fellow classmates have helped me to relax and realize that I have a message to relate.

All of these assignments have been fun. My favorite one was one called "Dillinger." My partner and I had to look at a photograph and write out and act out what the picture in the picture were saying or doing. Since our photograph included a man and woman sitting in a boat, I had to come to class with a huge boat I made from cardboard. My partner and I had made that photo come alive, so you see, anything is possible if you are equipped with the written and oral communication skills.

Organization skills are highly emphasized. In writing a paper, I now know how to organize my thoughts and ideas, so that I may move on to a rough daft. Of course, the final paper follows the rough draft. I am sure all of us in this room know this procedure.

but we also know how many college students wait until the night before to begin a paper.

The study skills I have learned in Writing for Thinking, along with my confidence I have gained, have led me to an overall improvement in my grades. My mid-term trades for this semester place me no the dean's list for the first time.

I cannot say enough about the group building which takes place in Writing for Thinking. I have the feeling of total support from my classmates. We work with different people each week, so we have a chance to interact with people of different backgrounds and interests. This has given me the confidence to know that when I go out into the working world, I can interact with all kinds of people.

The focus on our panel is on educating today the workforce of the future. I plan to be a vital part of that workforce. Now I can enter it with a sense of confidence in myself. The Writing for Thinking course has enhanced my written, oral and organizational skills. I know I can face any situation which may come my way.

In closing, I would like to add that perhaps one of the most important aspects in the class for me has been a change in other people's attitudes toward me. I have often been perceived as just a football player, a dumb jock. Nothing can be further from the truth. I am a student at Mississippi State working toward graduation, just as the rest of the student body. I happen to play football. Football is an important part of my life, but it does not outweigh the academic side.

My success in Writing for Thinking has helped people to see the real Nathaniel Williams, the student-athlete, and not just Nathaniel Williams, number 95 on the team. Hopefully testifying today will also go a long way in changing some of those attitudes.

Thank you for giving me this opportunity to express my testimony.

[The prepared statement of Mr. Williams follows:]

Prepared Statement of Mr. Williams

Senator Cochran, follow panelists, and honored guests, my name is Nathaniel Williams. I am a Junior at Mississippi State University majoring in Sports Communication. I also am a member of the MSU football team. My position is nose tackle.

Football has been rewarding for me, but I'm not here today to talk about my success on the field; instead I want to tell you about my success in the classroom. My experience in the Writing for Thinking class at MSU has given me that opportunity.

I must admit when my advisor suggested I take this creative writing course, I was less than thrilled. The thought of doing writing assignments for the majority of my grade scared me a little. I had gotten average grades in English composition classes before, but I lacked the confidence in myself to realize I truly did have a talent for writing. Writing for Thinking has changed that attitude, and I am grateful.

From the beginning, my teacher instilled in us the belief that, yes, we could write, and we could write well. The topics were always interesting, and ones which allowed us to dig deeply into our minds. My favorite assignment was one called "I Remember" in which we had to make a particularly fond memory come alive for our readers. I wrote about my freshman year as a member of the Oklahoma Sooners football team. I am attaching a copy of my paper. I am proud to say I received an A+ for it.

Certainly, Writing for Thinking has greatly improved my writing skills, but you may not be aware of another true benefit. It has helped with my oral communication skills, too. Many of the writing assignments require us to interview various people. I've learned how to prepare questions, relax, and conduct the interviews in a professional manner. Before taking this class, I would have been uneasy at such an assignment.

We also spend many class hours working in pairs and in small groups. Again, these types of class assignments have given me tremendous confidence in my oral communication abilities. Never before have I enjoyed working in small groups, but my teacher and fellow students have helped me to relax and to realize I have a message to relay. All of these group assignments have been fun, but my favorite was one called a dilinger, in which my partner and I had to look at a photograph and then write and act out what the people in the picture might be doing or saying. Since our photo included a man and a women sitting in a boat, I had to come to class with a huge boat I had make from cardboard boxes! My partner and I made that photo come alive for our audience. So you see, anything is possible if you're equipped with written and oral communication skills!

Organization skills are highly emphasized also. In writing a paper, I now know how to organize my thoughts and ideas, so that I may move on to a rough draft. of course the final paper follows the rough draft. I'm sure all of us in this room know this procedure, but we also know how many college students wait until the night before to begin a paper!

The study skills I've learned in Writing for 'Thinking, along with the confidence I've gained, have led to an overall improvement in my grades. My mid-term grades for this semester place me on the Dean's List for the first time.

I can't say enough about the group building which takes place in Writing for Thinking. I have the feeling of total support from my classmates. We work with different partners each week, so we have a chance to interact with people of different backgrounds and interests. This has given me the confidence to know that when I go out into the working world, I can interact with all kinds of people.

The focus of our panel is on educating' today the workforce of the future. I plan to be a vital part of that workforce. Now I can enter it with a sense of confidence in myself. The Writing for Thinking course has enhanced my written, oral, and organizational skills. I know I can face any situation which may come my way.

In closing, I'd like to add that perhaps one of the most important aspects of the class for me has been a change in other people's attitudes towards me. I have often been perceived as just a football player, a dumb jock. Nothing can be further from the truth. I am a student at MSU, working towards graduation, just as the rest of the student body. I happen to play football. It is an important part of my life, but it does not outweigh the academic side. My success in the Writing for Thinking class has helped people to see the real Nathaniel Williams, the student-athlete and not just Nathaniel Williams, number 95 on the team. Hopefully testifying today will also go a long way in changing some of those attitudes. Thank you for giving me that chance.

A GREAT WAY TO END THE YEAR WITH THE SOONERS

It was the summer of 1987. The recruiting wars were over, all the honors in Houston, TX were given out to its most outstanding football players, graduating seniors said their farewells to the schools that held so many memories, and the stars of high school football were about to take on real life responsibilities. A change within and a change of physical development would surely change boys into men. This change would make high school players into tomorrow's Super Bowl champions.

The date was February 11, 1987 when I was offered a chance to give five years of hard nosed football to the University of Oklahoma. Signing with the Oklahoma Sooners was like a dream come true. There are thousands of players that would be proud to be a part of an organization with such a rich tradition. Out of 200 to 300 recruits, the Sooners gave me a chance to play on a team with national recognition. It was time for me to move on to bigger and better things this world had to offer. So I accepted the challenge to compete with other players from all over the nation.

The days were slowly but surely drawing closer to that day for me to leave friends, family, and other associates behind to fulfill my dreams and goals. As each day passed, more and more of my belongings were moved into the front living room. Things such as new clothes, old clothes, winter clothes, summer clothes, found their place there. The date in which the Oklahoma coaches were expecting my appearance was August 8, 1987.

I spent my last few days in Houston trying to say my final farewells to everyone I had been associated with. I think the ones I really hated to leave were my mother, father, and my girl friend. I spent my special time with my parents. We talked about how I had developed into a fine young man and how everyone was wishing me all the luck in the world. The advice they gave me that really has stuck with me even until today was, "Never make enemies, and treat everyone as your own brother." They also told me to have respect for the adults that I would be associated

with. My parents really emphasized that I should always remember the man who gave me health and strength. That man is God Almighty. They told me to put Him first in everything I do, and I would surely be successful.

It was 2 days before I ventured to Norman, OK. I felt a sense of sadness in my mother's heart, but a gleam of pride upon my father's face. During the time I had before leaving for school, I challenged myself to be a mature adult as well as a student-athlete.

The night before I was to leave, my parents cooked my favorite dinner. They prepared smothered steak, mustard greens, sweet potato yams, corn bread, and for dessert, peach cobbler. We had a great time together. After dinner I began to put the final touches on packing and visiting. I had to say goodbye to my girl friend. Then I got a phone call from my pastor. He said a prayer over the phone and told me God bless you in everything you do.

After a night of careful packing and saying my last goodbyes, it was time to take a shower and head off to bed. As the night passed on, a feeling of excitement danced around in my mind. The thoughts of being at Oklahoma University, playing for a number one contending team, meeting new people, and meeting all the great players that made Oklahoma so great stayed in my mind. After all, Oklahoma had produced such greats as Jamelle Holiway, Keith Jackson, Ladell Carr, and Dante Jones. Just thinking about being a part of this team and playing with such athletes gave me an extra dose of confidence. Lying in my bed, gazing into the top of the ceiling, I wondered what kind of changes I would have to make to fit into such a grand institution.

Finally, the late hours forced me into a paralyzing sleep. I dreamed of the great things Oklahoma was capable of accomplishing. I dreamed of the past teams Oklahoma had had and how they were a dominating force in the collegiate rankings. I had flashes of the past when Oklahoma came back and beat Penn State for the National Championship in the Orange Bowl. I also had dreams of all the great games they totally dominated for four quarters. In my dreams, I recalled all the bowl games that they had gone to and which others would follow. My dream had me so excited, my heart rate had risen a few beats. Before my heart rate would rise anymore, I woke up with so much excitement, that I couldn't go back to sleep. The sun was just on the horizon.

When this sleepless night of excitement was over, I was anxious to get to my new home. That morning around 8:00, Coach Charlie Saddler called and told me my plane reservations were all taken care of. He also said that someone would be there at the airport to pick me up. After hanging up the phone, I made my final preparations for Oklahoma. It was about 12:15, and my plane left at 1:30.

I began to load my belongings onto my dad's Ford pick tip truck. I had about four to five bags to take with me. After I finished loading my luggage, I double checked to see if there was anything else I could use while I was at Oklahoma. Finally, we were on our way to Houston Hobby Airport. My parents and I got into the cab of my dad's truck. As we backed out of the driveway, all the things I loved would pass through my mind. As we pulled off, a sense of emptiness lingered through my entire body. While on my way to the airport, I saw many of my friends who greeted me with a farewell. I could only think of my friends' futures and where they would be while I experienced college life.

While driving to the airport, my mom reminded me to call her when I made it to Oklahoma. As I neared the airport with my parents, the fear of being on my own gave me a new outlook on everything that was ahead of me. It took us about twenty minutes to reach the airport. When we arrived, there were people coming to and from their destinations. My father parked in front of the Southwest Airlines terminal. The carriers unloaded my bags and asked me what city I was headed to. I proudly answered, "Norman, Oklahoma." We wrote all the information on the luggage tags. After checking my bags, I said my last goodbye to my parents. I gave my father a hand shake and a hug and my mother a kiss plus a hug. They drove off to make it easier for the three of us. After watching the truck disappear, I turned and walked towards the entrance of the airport.

I hurried to the Southwest Airlines desk. I told the clerk that I had a prepaid ticket for Nate Williams for Oklahoma City. She punched in the information and proceeded to tell me the time, my reserved seat, and the flight number. When she finished typing this information, it was printed onto a boarding pass. As I received my ticket, the time was drawing near for my plane to take off. Walking to the area where I had to catch my plane, there were safety devices I had to walk through before getting on the plane. The only things I had to take on the plane were my carrying bag and a sack. After security checked my bags, I walked through and headed for the gate.

I noticed one of my old teammates who told me he was heading for Norman, OK also. Cedric Davenport and I had attended Hartman Junior High together. We had played on the same basketball team, and in football he had played junior varsity while I played varsity. Now, once more we were going to be on the same team. His family and girl friend were there to bid him farewell. I had known Cedric's parents since our junior high days together. They were really nice people. After talking to them for a few moments, it was time to board the plane for Oklahoma City.

Cedric and I headed for the tunnel to board the plane. His girl friend stood there with tears running down her face. It was a sad moment. She was being left behind; we were on our way to professional careers.

We climbed the steps into the plane and found our reserved seats. My seat was 6A and Cedric's was 7A, so we sat across from each other. When we finally got settled in our seats, the flight hostess demonstrated the seat belt procedures. She also demonstrated the oxygen mask that would drop down in case we lost air pressure in the cabin. Then it was time for lift off!

The flight attendants took their seats, and the plane began to move backwards. The plane paused for a couple of seconds, then moved forward. The plane slowly approached its assigned runway. The plane paused once more, and the pilot announced, "We're cleared for take off." With a slow thrust, the plane ventured down the concrete pavement. After a few seconds of high speed, the large 737. cleared the ground. I could tell we had taken off because everything below Us began to get smaller and smaller. We were on our way into the blue skies.

The plane tilted upwards and continued its course for at least fifteen minutes. When we reached the proper altitude, the plane leveled off. Smooth sailing was now ahead. Cedric and I began to talk about our days together in junior high. We remembered our championship basketball team that we were part of in the eighth grade. Then we began to plan how to survive college life. As we got into a deeper discussion, the flight attendant came by and served refreshments. Two packets of peanuts and a couple of sodas were not enough for us. When we finished eating, we dozed off for a few moments. When I opened my eyes, I realized we had about ten minutes before touching down at the Will Rogers Airport in Oklahoma City. Quickly the ten minutes passed, and the landing preparation started.

The no smoking sign as well as the fasten seat belt sign lit up the cabin. The flight attendants took their seats, and landing was in effect. Slowly the 737 approached the ground; then the runway was in sight. Steadily dropping altitude, the landing gear was set in place. Closer and closer the plane neared the runway. Touch down! We were in Oklahoma.

It seemed the plane was like a runaway locomotive. After a few hundred yards, the 737 slowly came to a halt. The clicking of the seat belts could be heard, for people were in a hurry to get on to their next flight. People were gathering their personal items and exiting the plane. It wasn't long before Cedric and I were standing in the airport terminal.

Coach John Blake was there to meet us and other players who would be arriving on different planes. When all of the players had assembled, we went down to the baggage claim to pick up our luggage. After loading the school van, we were on our way to our new home.

The ride to campus took about twenty minutes. The campus was everything I thought it would be. It was huge, but it seemed to be well laid out and very neat. When we arrived at the athletic dorm, we helped each other unload the heavy bags.

Cedric and I headed to our room, number 206. After carrying our belongings to our room, we checked in for our keys, mailing address, and telephone number. We finished all of our registration and payments and headed to our first team dinner. The coaches were there to greet us. Mike Jones, the coach who recruited me, was there. He said hello to Cedric and me and told us to eat all that we wanted. What a welcome suggestion! The chicken dinner that was served to us was delicious and eaten in a hurry. Cedric and I hardly spoke to each other during dinner because we had to get back to our room to unpack. We knew that the next day we faced our first day of practice for the 1987-88 season.

Night time was slowly coming upon us. There was lots of unpacking to do, but so little time to do it. Cedric and I unpacked before heading to a team meeting. When we entered the squad room for the first time, we noticed the seats were done in the team color, red, and were assembled like a theater. Soon all of the freshmen players had taken their seats.

The coach, Barry Switzer outlined our agenda for the upcoming practices and the format for those practices. The practices would be "two-a-day" for 2 weeks. The coaches then let us off for the rest of the night for us to rest up for the next morning. Cedric and I went back to our room and tried to mingle with our new team-

mates. We had a great freshman class. We met players from HI over the United States. The two biggest freshmen were Stacy Dillard, who was 6'7", 285 pounds, and Tiny, who was 6'10", and 305 pounds. After visiting with our new friends, Cedric and I went to bed about midnight. The night went by quickly, and practice was drawing near. I had set my alarm for 7:35 a.m., which was time enough to get ready, eat breakfast, and head to practice. Practice was at 8 a.m. Cedric and I quickly dressed and headed for the practice field. A few of the freshmen players followed. We spent the next 2 weeks working day after day with the freshmen players. The practices went well because we were beginning to know each other.

After 2 weeks, the varsity players reported for practice. We began to practice with them and also had the opportunity to experience Sooner media day. The excitement of media day was followed by the dreaded team physicals.

The next week was our first game against North Carolina. The coaches told the freshmen that all of us would be red-shirted with the exception of a kicker and one linebacker. At first Cedric and I were angry at the idea of sitting on the bench all season, but after some thought, we decided it would be best for us. The week before the game passed rapidly. Finally the day came, and we were ready to take the field with North Carolina. The season was underway! We beat them 34-12, my first collegiate win. The next week Tulsa lined up with the powerful Sooners, only to fall 56-12. Following that game was the big rivalry event, Oklahoma versus Texas. We won the annual shoot-out by a score of 44-16. The games that followed were in our favor: Missouri, 34-7; Kansas, 65-0; Kansas State, 56-0; Iowa State, 34-7; Colorado, 21-7; Oklahoma State, 63-17; and the game that would make the Sooners year: the win over the Nebraska Cornhuskers for a chance to go to the Orange Bowl. The Sooners won 21-7.

After the last regular season game, we were given the opportunity to go home for a few days before going to the Orange Bowl in Miami. It was great seeing my parents and getting some rest before the big trip. Finally on the 20th of December, Cedric and I left Houston for our first trip to such a major bowl: A dream trip which would last 2 entire weeks. We arrived in Miami around midnight, jumped in the bed, and caught a little bit of sleep before practice at 8 o'clock the next morning. The practices were similar to the ones we had had at school. We were escorted each day to the practice field and then back to our luxury hotel, the Fountain Bleu. I had never stayed in a hotel that cost nearly $200 a night!

The days passed quickly with all of the activities we had going on. Practice was just a part of it. Our first activity was a short boat ride to the Ramada Inn for a fancy dinner. The next night we were treated to a party at a location where scenes from the television show "Miami Vice" had been shot. The dinner was elaborate and complete with lobster tails, baked potatoes, salad, and dessert. After that particular dinner, a party was given for the entire Sooner organization. The next night we went out on a huge cruise ship, my first. The entire cruise took about seven hours, during which we indulged in a little gambling and dancing. We all partied until the final hour! All of the partying was great, but we knew it was at time to take care of business. The game with the Miami Hurricanes was just ahead.

All fun and games were over because the national championship was on the line. The night finally arrived. There was an air of intensity as we loaded the buses at the hotel and headed for the stadium. Eight Sooner buses were on their way to something extremely important. When we got off the buses, I noticed all of my freshman teammates were proudly wearing their Orange Bowl jerseys and black warm-ups. We were indeed a part of this great team.

Before the game, we had a chance to walk around the huge stadium. There were a number of Miami fans yelling at us, so we had to put them in their place. After all of the back talk that went on, it was time to seriously prepare for the game. We walked into our dressing room, and all of the players were getting ready to play the game of their lives. My freshman teammates were walking in and out of the room. Standing in the pathway to the field, I could hear the crowd getting louder and louder. Soon the locker room door opened, and specific Sooner players entered the stadium field. They were greeted with mixed boos and cheers from the stands. A few minutes later, more Sooner players joined them on the field for their warm-up exercises. The rest of the team followed. Soon the locker room was empty.

The Sooners, the redshirts, and the coaching staff were all ready for the game. The players warmed up in their specific positions on the field. I took a few pictures of the players as well as the stadium. Soon it was time for the coin toss. The referees stood in the middle of the field with the Seniors from each team and tossed the coin in the air. The roar of the Oklahoma fans indicated that we had won the toss. Oklahoma chose to receive the ball.

The referees blew the whistle, and the game began. It was a hard hitting game. First Miami scored, making the score 7–0 with 7:25 left in the first quarter. Then, early in the second quarter, the Sooners answered with a touchdown. With four minutes left in the half, Miami managed to score once more making the half time score, 14–7. The half time show was spectacular. It was complete with singing, dancing, and a fireworks display. The show featured Lou Rawls.

After the half time show, both teams entered the field. It was Miami's turn to receive the ball. We kicked off to them, but there was no return. Miami went three plays and turned the ball over to us. The Sooners had a good drive going. Although we didn't score a touchdown, we were able to get a field goal. During the third quarter, the Hurricanes were held scoreless. At the end of the third, the score stood at 14–10. During the fourth quarter, Miami lucked out and scored a touchdown, but missed the field goal. This made the score 20–10. The fourth quarter was coming to an end, and it was time for some Sooner magic. The Sooners had 4:25 to come up with something. We had a trick play we were ready to use. The "guard around" play occurs when the offensive guard runs around the end. The play worked for the Sooners. The score was 20–16 because of the missed field goal. Time ran out on the Sooners, but we had fought hard to win.

We had lost the national championship, and I had not been given a chance to play my freshman year, but it was all worth it. The entire year at Oklahoma and the 2 weeks in Miami have become great memories for me. I will always remember them.

Senator COCHRAN. Thank you very much, Mr. Williams, for an excellent presentation.

This panel has given us a unique perspective on some of the challenges that are being faced in higher education today in our State, from schools that specialize in career oriented education instruction, cooperative education, special projects that are designed to elevate the level of competence among our students and faculty. These are all very special things to know about, and you have given us the benefit of your insight and experience, and it has been very helpful.

I want to be sure that, as we reauthorize this very important Higher Education Act, that we do not lose sight of the practical consequences of what we are doing. Sometimes, in Washington, we get carried away with ourselves up there, and it is very healthy to get back where the real action is and where the real problems are and where the real experience in dealing with these issues are to be found, and that is back in the home States. That is one reason we are here today, and I am finding it very beneficial and I hope that all of you are, as well, to get a chance to hear some of the things that are going on that you may not have been able to concentrate on until today.

I know Nathaniel Williams has given us a good description of his practical experience and insight from his class, and I wonder, in connection with your experience, whether you have found the Writing for Thinking to be helpful in other courses, rather than just English courses or things that you might normally associate with writing. Has this projected to other courses, as well, and enabled you to do better in some of the other courses?

Mr. WILLIAMS. Yes, it has. It has made my study habits a whole lot better and it taught me how to prepare for class before going to class, and it taught me how to manage my time wisely, so that I have good study time in between.

Senator COCHRAN. I think this is a very good piece of evidence that this is an important program, and the fact that the Senate has authorized the funding of more and more sites all over the country, to equip teachers with the skills to impart this kind of knowledge

and discipline about how you approach the learning process is very encouraging.

Dr. Burkett, tell us whether you have a waiting list. Are you able to deal with all of the teacher applications from teachers who want to participate in this program?

Ms. BURKETT. No, we are not. Having Federal funds to support our work will make a big difference. We are very fortunate in Mississippi to have a State appropriation that supports our summer institutes and just a little bit of the staff development that we do, but we have many, many teachers all over our State who are eager to be involved in our staff development, but their districts have not been able to afford that yet, because staff development funds are very limited.

So, if we get our Federal dollars, I should say when we get our Federal support, the thing that will help us do is to reach many more teachers and to do it more intensively for those who are very interested in making changes.

Senator COCHRAN. One thing that I hear from business leaders and industry leaders who have contact with the Senate is that there is just a real shortage among entry-level workers, those who are competent at writing and communicating. Do you think this program is going to help achieve a greater level of competence in our student population and in those who are graduating from schools and colleges, as far as writing skills are concerned?

Ms. BURKETT. I am certain that it will. We have a good bit of research that we have done in Mississippi that shows that not only do we build those writing skills, but build the student's confidence in what they can do, and having both the skills and the confidence makes them better able to perform in the workplace.

Senator COCHRAN. Dr. Tullos, with your cooperative education program at USM, are you able to take care of all of the students who want to participate in this program? Are our able to place them in cooperative work-study programs, or do you have a waiting list?

Ms. TULLOS. We do, too.

Senator COCHRAN. You have a waiting list?

Ms. TULLOS. We have a waiting list, because this is a very difficult time in the job market right now, so a lot of employers are really looking at whether they can afford at this time cooperative education programs. So, yes, we do have a waiting list and, hopefully, this will get better toward fall, in terms of the job market. We are very proud that we have this many employers participating right now, because it is a difficult time for the 1991 graduates and for the co-ops for this next academic year.

Senator COCHRAN. Do you have more students that want to participate than you have places for the, or is it more——

Ms. TULLOS. At this point, I have more students. It fluctuates. It is an interesting way this program works, but at this point we have more students interested than we have employers at this point, but hopefully that will change, as we recruit over the summer for new employers.

Senator COCHRAN. How do you go about finding the students who are available for this kind of program or who are interested in par-

ticipating? Do you go to the high schools and sort of advertise the availability of the program, or how do you do it?

Ms. TULLOS. Actually, we use our faculty members at the university who really help us recruit good students and put notices out. It is not difficult to find people interested in this program at all. It is well known, it is well respected. If an employer sees a co-op experience on a student's transcript, he automatically has a different opinion, and this has been proven over and over in research, so we know that it is a respected program and it means a lot. It shows that there is experience behind the students and they were chosen, because the employers right now, it is an employer's market, so they are having an opportunity to get our top students to work for them prior to their graduation.

Senator COCHRAN. I think the Federal allocation for this program is about $14 million.

Ms. TULLOS. Right.

Senator COCHRAN. It is a fairly small sum.

Ms. TULLOS. Very small.

Senator COCHRAN. How is that money used?

Ms. TULLOS. How is the money used?

Senator COCHRAN. Yes, what do you do with the money? You have been funded for 7 years in a row. What do you do with the money you get?

Ms. TULLOS. The first 5 years of funding was used, and it started at USM, and it started in 1976, was used to develop the program. That is really how this all started in the beginning, was a seed money program, was title VIII. Since then, the rules changed in the middle 1980's, since we proved that we kept the program and the university supported it for at least 5 years, we were able to go back in and try for another grant to what we called expand the program, and that gave us added staff and opportunity to make the program even bigger.

As you can tell, most average co-op programs usually run 80 to 90 students. Ours is very large and, as I said, some of the other schools in the State have very large programs, but it is a very individualized program. We work with these students almost on a daily basis, we evaluate them, we make sure that they have——

Senator COCHRAN. The money, then, is used or administrative costs?

Ms. TULLOS. Administrative costs and those types to make sure we can secure the employers and train staff, yes.

Senator COCHRAN. So, the students do not get paid any money?

Ms. TULLOS. No, the students do not.

Senator COCHRAN. The employers do not get reimbursed for any of the costs?

Ms. TULLOS. No.

Senator COCHRAN. The employers pay the salaries of the students when they are working?

Ms. TULLOS. Yes, they do, the employers pay the salaries and some employers even pay some of the tuition for students, if they will agree to come back.

Senator COCHRAN. That is interesting.

Ms. TULLOS. Yes, it is.

Senator COCHRAN. So, it is used as a recruiting tool by employers, to a great extent?

Ms. TULLOS. Absolutely, it is one of the better recruiting tools. Some of our Fortune 500 companies are using co-op now as a main way to recruit new employees.

Senator COCHRAN. That is very interesting. Thank you very much.

Mr. Moore, what percentage of our student population is there because they are receiving Pell Grants or loans from the Federal Government?

Mr. MOORE. I do not think they are there because they are receiving Pell Grants.

Senator COCHRAN. Well, how many there are receiving Pell Grants or student loans?

Mr. MOORE. It will vary among the different schools in the State and even in different locations. An example, a school in Hattiesburg, we have about 80 percent participation in Pell Grants, and in Jackson School we have about 96 percent participation in the Pell Grants.

Senator COCHRAN. The other students that do not have Pell Grants, do they get student loans?

Mr. MOORE. Either just student loans or come up with their own sources, yes, sir.

Senator COCHRAN. You mentioned the default rate and expressed some concern that the conclusion has been drawn by some that the private proprietary schools are having a greater difficulty in getting compliance with repayment requirements. Do you think there should be any special rules or regulations written into the Higher Education Act that will address that problem, or what should be done, if anything, about that?

Mr. MOORE. It is a very complex issue, but I think it can be addressed. Part of the problem that we see, we have a default management program in our school, where we contact every student that ever leaves our school for any purpose, and we act as a liaison between he and the guaranteeing agency and the bank.

The biggest problem that we have seen so far is the collection process. There is not an incentive there to collect. Many of the student, as we told you, do not have the life skills that many of us have been able to experience. They do not have this knowledge of how to deal with debt, how to deal with lending institutions, and we think that the collection process could be improved to help that. I think that is a major factor there.

Senator COCHRAN. You mentioned the fact that most of the students are receiving Pell Grants. As I understand it, those grants are capped at $2,400 per year.

Mr. MOORE. They will go up to $2,400 on July 1. They were $2,300.

Senator COCHRAN. What is the cost of a course at Moore Career College?

Mr. MOORE. Approximately $4,000.

Senator COCHRAN. How do they pay the balance between $2,400 and $4,000?

Mr. MOORE. Either with a student loan, if they can get one, or through other sources.

Senator COCHRAN. Do you have any suggestions for anything that ought to be in the Higher Education Act, when we reauthorize it, that is not there now?

Mr. MOORE. Well, some of the things that are not there now are being discussed. It was interesting that you discussed this morning about grants and loans being to either beginning students and secondary students. I think that proposal has a lot of merit.

Dr. Cleere was kind of on the fence with it. In my opinion, I agree with him when he said that the riskier students, the students that are more at risk are your first 2-year students, where, in my opinion, the grants should be centralized. Students who are beyond that point, we have seen have more expertise in life skills, they are more dedicated, they are more knowledgeable, and they have greater expectancy of participation in the payback procedures.

So, the cost would be excessive, if we flip it, in my opinion. I think the grant should be for the beginning students, if possible, and the needier students, with the loan coming in in the later years.

Senator COCHRAN. I appreciate very much your being here and offering us your perspective and the benefit of your experience in dealing with these problems in the real world. We thank all of you for contributing to the hearing. You have all done a good job, and we appreciate it.

We will stand in recess now, and we will reconvene at 1:15.

[Whereupon, at 12:05 p.m., the subcommittee recessed, to reconvene at 1:15 p.m., the same day.]

AFTERNOON SESSION [1:20 p.m.]

Senator COCHRAN. If we can reconvene now, we will call the hearing to order and begin the afternoon session with our fourth panel, and we would invite you all to come to the witness table.

We have in this panel Dr. R.E. Waters, vice president of Alcorn State University; Dr. William Sutton, president of Mississippi Valley State; Dr. Leslie McLemore, dean of graduate studies and research at Jackson State University; Dr. W.A. McMillan, who is president of Rust College; and Dr. Clyda Rent, who is president of Mississippi University for Women.

During this panel's appearance before the committee, we want to discuss the Federal programs to strengthen developing institutions, the different aspects of the title III programs. Any other comments or observations that any of you would like to make about the Higher Education Act and how it could be improved during the reauthorization process this year would, of course, be very welcome by me and the other members of the committee.

We have written statements from all of you which we appreciate having and we will make those a part of the record in full, and encourage you to make summary comments from those written statement, if you like, so we can have an opportunity to discuss some of your ideas at the hearing.

So, let's proceed with Dr. Waters. We appreciate your being here, Dr. Waters.

STATEMENT OF DR. RUDOLPH E. WATERS, VICE PRESIDENT, ALCORN STATE UNIVERSITY; DR. WILLIAM W. SUTTON, PRESIDENT, MISSISSIPPI VALLEY STATE UNIVERSITY; LESLIE B. McLEMORE, DEAN OF GRADUATE STUDIES AND RESEARCH, JACKSON STATE UNIVERSITY; DR. WILLIAM A. McMILLAN, PRESIDENT, RUST COLLEGE; AND DR. CLYDA S. RENT, PRESIDENT, MISSISSIPPI UNIVERSITY FOR WOMEN

Mr. WATERS Thank you, Senator.

Let me at the outset express appreciation for the invitation to Dr. Washington to participate in this panel. Of course, Dr. Washington had a conflict and we were delighted to have this opportunity.

Let me bring you greetings from Alcorn State University. In so doing, I will bring you greetings from 2,853 students, 95 percent of whom could not be in school were it not for Title IV of the Higher Education Act, as they get assistance from that program, 550 staff members, including extension workers, in 13 southwest Mississippi counties, and from our president, Dr. Washington, who serves on President Bush's Advisory Committee for Historically Black Colleges and Universities.

Let me at the outset emphatically and unequivocally State that funds provided by the Federal Government to strengthen developing institutions, particularly under Title III and Title IV of the Higher Education Act, as amended, have had and continue to have tremendous positive impact on every area of these institutions, from improving the management of financial resources, to improving academic programs and student services, to providing financial aid to students who otherwise would have little opportunity to obtain a college education.

At the risk of appearing to be self-serving, I would simply suggest that the funds provided by the Federal Government to strengthen developing institutions in general, and the historically black colleges and universities in particular, are among the most cost-effective investments of the Federal Government.

It must be clearly understood that, without funds provided under title IV, Pell Grants, supplemental opportunity grants, college work-study and Perkins loans, a large proportion of African-American students simply would not have the funds to attend college. Consequently, many of the historically black colleges and universities would face serious debilitating alternatives, as they struggle to educate African-Americans and other individuals from disadvantaged socioeconomic backgrounds.

Mr. Chairman, it is clear that the Federal Government's investment in title IV is a wise one, that not only contributes to the development of human capital and contributes to the tax base of this country, but, as importantly, the investment assist in minimizing potential negative consequences of a large number of uneducated, unskilled, unemployed, unemployable and State-dependent individuals.

It is, ladies and gentlemen, my humble opinion that not only should the Higher Education Act be reauthorized, but it should be funded at a level necessary to insure the human capital develop-

ment of all individuals who are qualified for and could benefit from title IV programs.

I would now like to turn to title III of the Higher Education Act of 1965, as amended. This program has perhaps, more than any other higher education program, done more to strengthen historically black colleges and universities. At Alcorn State University, for example, we have one of the finest nursing programs in the Nation, with an average of 97 percent of our graduates passing the national licensure examination.

During the early phase of the nursing program, title III funds were used to develop and equip our computer-assisted instruction and computer application technologies in health care delivery laboratory. This has formed the foundation of our nursing program. Without title III funds, the computer-assisted instruction in nursing could not have been developed at the time.

Through title III funds, faculty and administrators, including yours truly, were able to pursue advance degrees and are providing invaluable leadership and teaching functions at historically black colleges and universities. Title III funds have been used to revamp curriculums and instructional methodologies, renovate and improve laboratories and academic facilities, develop honors programs, provide cultural diversity for students and faculty, strengthen administrative processes, improve and expand student personnel administration, and improve financial management.

Title III funds, in many cases, have served as a catalyst in developing needed, meaningful programs and services at historically black colleges and universities. For example, at Alcorn State University, title III funds were used to develop and pilot test a freshman studies program designed to meet the needs of students who were admitted to the institution with academic deficiencies.

As an outgrowth of this program, a lower division, general college for excellence, was established. All entering students must be enrolled in the general college for excellence and demonstrate required competencies in English, math and reading before they are allowed to enter their major.

These are examples which can be repeated over and over at historically black colleges and universities throughout the country. While the 1987 Higher Education Act Amendments established the strengthening historically black colleges and universities program, title III, part B, there is a grave need for similarly designed program under the endowment challenge grant program.

Although many historically black colleges and universities have been able to obtain some support under the endowment challenge grant program, it is extremely difficult for these institutions to compete with other institutions for funding under this program.

One of the greatest needs at many historically black colleges and universities is that of improving and expanding library facilities and expanding and updating their holdings. These improvements are needed not only to assure quality educational programs, but, as importantly, to assure accreditation an reaffirmation of accreditation by regional accrediting agencies.

There is a tendency for the Federal Government to provide library support for research universities, while only minimal library support is provided to historically black colleges and universities.

Yet, the graduates of these institutions often pursue advance studies at the "research universities" and are expected to be productive and competitive.

One of the real gems of Federal support for historically black colleges and universities has been the cooperative education program, funded under Title VIII of the Higher Education Act. This program has enabled numerous students and graduates of historically black colleges and universities to enter employment with the Federal Government and the private sector. This program allows students to explore career entry prior to graduation, and allows employers to work with potential permanent employees. Unfortunately, in recent years, very few historically black colleges and universities have received funding under this program.

Mr. Chairman, I strongly recommend that the cooperative education program of title VIII be revitalized and funded at a level that historically black colleges and universities may be able to benefit from this fine program.

Thank you very much.

[The prepared statement of Mr. Waters follows:]

Prepared Statement of Mr. Waters

Mr. Chairman, members of this illustrious Senate Subcommittee on Education, Arts and Humanities, distinguished colleagues and all friends of higher education, and particularly, friends and supporters of the Historically Black Colleges and Universities: I deem it a pleasure and a privilege to appear before you today, to lend my support to the reauthorization of the Higher Education Act, and in so doing, I bring greetings from the distinguished president of Alcorn State University, Dr. Walter Washington—who is a member of the President's (Bush) Advisory Board on Historically Black Colleges and Universities-from almost 3,000 students (95 percent of whom could not be at Alcorn without Federal financial assistance), from some 20,000 alumni and the dedicated and hardworking faculty and staff of Alcorn State University. I also take the liberty of bringing greetings on behalf of all Historically Black Colleges and Universities in the State of Mississippi and throughout the nation; because the efforts and commitment of this committee will have lasting and profound impact on all of these institutions and the people they serve and the communities in which they reside.

I would like to thank Senator Thad Cochran for extending to President Walter Washington the opportunity to testify at this very important hearing. Senator Cochran is a strong supporter of the HBCU's. Alcorn State University is particularly pleased to testify at this hearing, since it was a U.S. Senator, the late Honorable Hiram R. Revels, who in 1871 left the U.S. Senate on the invitation of Governor Alcorn of Mississippi to help in the founding of Alcorn University and became its first president.

Let me, ladies and gentlemen, from the very outset, emphatically and unequivocally state that funds provided by the Federal Government to strengthen "Developing Institutions," particularly under Title III and Title IV of the Higher Education Act, as amended, have had and continue to have tremendous positive impact on every area of these institutions, from improving the management of financial resources, to improving academic programs and student services, to providing financial aid to students who otherwise would have little or no opportunity to obtain a college education.

At the risk of appearing to be self-serving, I would simply suggest that funds provided by the Federal Government to strengthen "Developing Institutions" in general and the Historically Black Colleges and Universities in particular, are among the most cost-effective investments of the Federal Government.

As we review the success of the Historically Black Colleges and Universities (HBCU's) and the catalytical role of Federal funds in facilitating and supporting their accomplishments, we feel that we have much to be proud about and yet we have a far way to go. More than 85 percent of Afro-American professionals are educated at HBCU's. Although these institutions only enrolled approximately 20 percent of African-Americans in colleges and universities, the 30,000 annual graduates

of these institutions represent some 40 percent of the baccalaureate degrees earned by African-Americans. There is absolutely no doubt that without title IV a large percentage of these graduates would not have been able to attend college. The success of HBCU's in preparing African-American professionals of this country is well documented. At my own institution, some seventy-six percent (76 percent) of our students receive assistance under Title IV of the Higher Education Act. I must hasten to say that most of those students would not have been able to attend college without such assistance, instead many would have probably become financial and social burdens to the state and to society. The situation at Alcorn State University is not unlike the situations at many, if not most, HBCU's. So title IV funds are an excellent investment in human capital development. This investment, although made in the individual student, does assist in the strengthening of the institution, since it enables the institution to achieve a critical mass of enrollment necessary for effective programs and for the very survival and prosperity of these national resources—the 117 Historically Black Colleges and Universities.

It must be clearly understood that without funds provided under Title IV (Pell Grant, Supplemental Opportunity Grant, College Work Study, and Perkins Loan), a large proportion of African-American students simply would not have the funds to attend college. Consequently, many of the HBCU's would face serious debilitating alternatives as they struggle to educate African-Americans and other individuals from disadvantaged socioeconomic backgrounds.

Mr. Chairman, and members of this committee, it is clear that the Federal Government's investment in title IV is a wise one that not only contributes to the development of human capital and contributes to the tax-base of the country, but as importantly, the investment assists in minimizing the potential negative consequences of a large number of uneducated, unskilled, unemployed, unemployable and state-dependent individuals. It is, ladies and gentlemen, my humble opinion that not only should the Higher Education Act be reauthorized, but it should be funded at a level necessary to ensure the human capital development of all individuals who are qualified for and could benefit from title IV programs.

I would like to point out that greater emphasis should be placed on grants and work study and less emphasis on loan so far as African-American students and Historically Black Colleges and Universities are concerned.

I would now like to turn to Title III of the Higher Education Act of 1965, as amended. This program has, perhaps more than any other higher education program, done more to strengthen Historically Black Colleges and Universities. At Alcorn State University, for example, we have one of the finest nursing programs in the nation, with an average of 97 percent of our graduates passing the National Licensure Examination. During the early phase of the nursing program, title III funds were used to develop and equip a computer-assisted instruction and computer application technologies in health care delivery laboratory. This has formed the foundation of our excellent and nationally renown nursing program. Without title III funds, the CAI in nursing couldn't have been developed at the time. Through title III funds, faculty and administrators (including yours truly) were able to pursue advanced degrees and are providing invaluable leadership and teaching functions at HBCU's. Title III funds have been used to revamp curriculums and instructional methodologies, renovate and improve laboratories and academic facilities, develop honors programs, provide cultural diversity for students and faculty, strengthen administrative processes, improve and expand student personnel administration, and improve financial management.

Title III funds, in many cases, have served as a catalyst in developing needed, meaningful programs and services—at Historically black colleges and universities. For example, at Alcorn State University, title III funds were used to develop and pilot test a Freshman Studies Program designed to meet the needs of students who were admitted to the institution with academic deficiencies. As an outgrowth of this program, a Lower Division—General College for Excellence—was established. All entering students must be enrolled in the GCE and demonstrate required competencies in English, math and reading before they are allowed to enter their major.

These examples are repeated over and over at Historically Black Colleges and Universities throughout the country. While the 1987 Higher Education Act (amendment) established the Strengthening Historically Black Colleges and Universities Program—Title III—Part A, there is a grave need for a similarly designated HBCU's program under the Endowment Challenge Grant Program. Although many HBCU's have been able to obtain some support under the Endowment Challenge Grant Program, it is extremely difficult for these institutions to compete with other institutions for funding under this program.

One of the greatest needs at many Historically Black Colleges and Universities is that of improving and expanding their Library facilities and expanding and updating their holdings. These improvements are needed not only to assure quality educational programs, but as importantly, to assure accreditation and/or reaffirmation of accreditation by regional accrediting agencies. There is a tendency for the Federal Government to provide library support for "research universities" while only minimal library support is provided to HBCU's. Yet the graduates of the HBCU's often pursue advanced studies at the "research universities" and are expected to be productive and competitive.

Another area in which additional Federal investment is greatly needed, insofar as strengthening the HBCU's is concerned, is in strengthening the research capabilities of these institutions. Many of these institutions have research facilities and equipment which need to be updated. In many cases, the research facilities are grossly inadequate. Despite good efforts on the part of some state governments and efforts by HBCU's to raise private funds, many of these institutions are unable to procure the type of scientific facilities and equipment necessary for them to conduct the type of research that their faculty/staff are capable of conducting. Therefore, they are unable to be full partners in improving the research productivity of this nation.

At my own institution, we are in dire need of a science facility which will house all our science programs. Currently, the science programs are scattered in several buildings across the campus. Many of these buildings were not constructed to house some of the modern science equipment. This situation is not unique to my institution.

Ladies and gentlemen, funds provided by the Federal Government to strengthen the research capacities of the HBCU's are good investments in the productivity of the nation. A review of the records of Alcorn State University will reveal that despite the inadequacies of the research facilities and equipment, the university has produced numerous individuals who have gone on to become medical doctors, dentists, pharmacists, doctors of veterinary medicine, nurses and other scientists. This claim could be similarly made by most, if not all, of the HBCU's.

I submit to you, ladies and gentlemen, that the Federal Government has played a key role in strengthening the Historically Black Colleges and Universities and in building their capacities to provide meaningful services and programs for the citizens of this nation, particularly through the Higher Education Act of 1965, as amended. However, there is much more that needs to be done. I have attempted to touch on some salient points in this brief discussion. It is an understatement for me to ask this committee to support the reauthorization of the Higher Education Act and to give serious consideration to expand Federal investments in the Historically Black Colleges and Universities through the Act.

One of the real gems of Federal support for HBCU's has been the Cooperative Education Program, funded under Title VIII of the Higher Education Act, as amended. This program has enabled numerous students and graduates of HBCU's to enter employment with the Federal Government and the private sector. This program allows students to explore their career interests prior to graduation and allows employers to work with potential permanent employees. Unfortunately, in recent years, very few HBCU's have received funding under this program. Mr. Chairman and members of this committee, I strongly recommend that the Cooperative Education Program—Title VIII be revitalized and funded at a level that HBCU's may be able to benefit from this fine program.

I would like to have this presentation enter into the Congressional Record and will, within 30 days, provide a more detailed version of the presentation.

Thank you, Mr. Chairman, and members of the committee.

Senator COCHRAN. Thank you, Dr. Waters, for your excellent statement and your presence at this hearing today.

After we have heard from each member of the panel, we will go back and have a chance to review some of the comments and discuss some of the issues that you raised.

Dr. Sutton, you may proceed. Dr. Sutton is president of Mississippi Valley State University.

Mr. SUTTON. Thank you very much, Senator Cochran and Ms. Dixon.

First, let me thank both of you for the reception I received in your office last spring. I enjoyed the visit and, of course, you prob-

ably saw me twice, once on the first day and then again on another day, but we did enjoy our meeting with you, both of you, in fact, on that visit.

I bring you greetings from Mississippi Valley State University, in the middle of the delta, and we are having some severe problem up there with water, of course, from the recent storm over the weekend.

Nevertheless, I want to talk a bit about the endowment challenge grant funds. Dr. Waters has given a very explicit overview of title III and also of title IV, but the Higher Education Act of 1965, as amended in 1983, provides matching endowment funds for qualifying institutions of higher learning. The endowment fund adds a special dimension to Federal grantsmanship, in that it provides institutions a lesser restrictive source of funds on which to build.

Developing institutions generally have common characteristics that mitigate against their being able to draw upon major private sources for endowment funding.

These characteristics include a relatively small enrollment for most of them, a short period of existence, disadvantaged geographic location, low-level ranking in the State systems, that is, in public education, anyway, eroding sponsorship base, that is for private institutions, and a high percentage of minority and economically disadvantaged persons in their student and constituent populations. These characteristics tend to perpetuate themselves, unless direct action is taken to bring about change. The endowment challenge grant serves as the change agent to help institutions toward overcoming these debilitating factors.

Mississippi Valley State University can be used to illustrate special problems and needs that developing institutions have in securing funds for endowment purposes. MVSU is a relatively young institutions, having opened in 1950 and graduated its first class in 1953. Its highest enrollment ever was 3,100 students.

The combining factors of a short period of existence and a small student population results in a small alumni pool from which the institution can draw funds for endowments. Furthermore, the vast majority of the institution's graduates are first-generation college students, whose personal economic development begins only after they have graduated from college, many with substantial debt from financing their college education.

Therefore, only a few of the more enterprising students have the financial flexibility to make any substantive contribution to the institution for the short-term. Current trends show that it takes anywhere from 20 to 25 years for MVSU graduates or graduates of other similar institutions to reach a State of financial flexibility that will allow them to make substantive contributions to the institution.

The location factor is important to an institution, being able to generate its own endowment base. Corporate sponsorship, which serves as a major source of endowment funds for some institutions, is very difficult to obtain in rural and lesser-developed areas. The State of Mississippi is severely lacking in having corporate and financial enterprise zones that could serve as a support base for institutional funding. We have some, of course, but not in the numbers that we would need to support our institutions.

One of the more discouraging experiences that developing institutions encounter in seeking funds to support endowment is the "rich get richer" syndrome. Large donors tend to give to those larger, more prestigious, and more financially able institutions than give to those with the greatest need. This holds true, even when only institutions characterized as developing are considered. Therefore, the neediest of the needy are the ones less likely to receive funding support. It must be noted, however, that these institutions most often serve the most needy students.

As the cost of providing higher education opportunity continues to rise, institutions now, more than ever, need self-perpetuating sources of funding. Such funding is needed to serve as a safeguard against volatile and instable funding patterns that public institutions experience as State economies fluctuate. Private institutions experience these unstable trends, also, as their funding support is directly impacted by the prevailing trends of State and national economies.

Endowment funds also provide institutions the flexibility needed to support areas of need that do not come within the guidelines of other funding sources. These are very serious needs, such as scholarship funds, equipment and materials for high-cost academic programs, and, of course, seed money to seek additional funds. Another important factor is that institutions with an endowment base are not considered on the endangered species list and, therefore, raise their susceptibility to receive funds from a variety of sources.

It is most important that endowment funding be favorably considered in the reauthorization of the Higher Education Act. Since endowment funding was authorized in 1983, several institutions, including Mississippi Valley State University, have had their first significant activity in endowment building. We at Mississippi Valley State made its first initial endowment investment in 1986, in the amount of $250,000, with $125,000 of it coming from self-generated funds and the other half being provided by the Federal Government. The fact that the institution had had no endowment in its 33-year history, but developed one 3 years after the authorization of the Higher Education Act, speaks to the effectiveness of providing institutions the incentive for self-development.

The bottom line for all of the activities in the Higher Education Act is the providing of access to higher education. Since developing institutions stand at the forefront of providing access to those who need special opportunity, particularly, it is very important that these institutions gain the necessary financial support to fill a most critical need in higher education.

Thus, I would suggest that in the reauthorization you consider revising the 1-to-1 match to perhaps a 2-to-1 match, where the Federal Government would put up 2 parts to 1. it makes it a little bit easier for institutions with alumnae who are in the lower rung of teaching jobs and other kinds that do not have the major gifts in order to match the grant.

Senator Cochran, I would strongly urge that you revise this section, so that you could take this into consideration.

Thank you very much.

Senator COCHRAN. Thank you, Dr. Sutton, for your testimony and your suggestion of revision and improvement of the Act.

We will now hear from Dr. Leslie McLemore, who is professor of Political Science and director of the Jackson State University/Universities Center.

Mr. MCLEMORE. Thank you very much, Senator Cochran. I wish to thank you and Ms. Dixon for allowing me the opportunity to talk just a bit really about title IX, to change gears.

I want to just say, in the case of Dr. Waters and Dr. Sutton, that I endorse everything they said, in fact, every comma, every period, every T. You know, I am in favor of everything they said, so I do not want them to think that I am not supporting them.

We have in this country, according to the record, 117 historically black colleges and universities; and 40 percent of these colleges and universities offer some form of graduate education. I represent also the Council of Historically Black Graduate Schools, which is the official organization for all of the historically blacks schools that offer graduate degree programs in America.

We know that 80 percent of all African-Americans attend predominantly white institutions in this country, but 40 percent of the undergraduate students graduate from HBCU's. It is nearly 50 percent, when we factor in the graduate degrees that these students receive. I think it is important for us to know that, although 80 percent of African-Americans attend historically white institutions, that nearly 50 percent of them graduate from HBCU's, so it seems to me that HBCU's should play a major role in cultural and educational diversity in this country.

It is my position that, without the HBCU community, we are not going to achieve the cultural and educational diversity that we seek. The issue that I am actually most concerned about has been identified in Washington, DC, as the pipeline issue, how do we get more African-Americans and women graduating from graduate school with graduate degrees to replace the shrinking professorate that we have in this country.

It is evident that we are not replicating ourselves on a college level and that we have too few people pursuing graduate degrees. It appears that this country may have more interest in educating international students than American women and minorities. Once we look at the recent statistics, we can very well see that the graduate enrollment for international students is increasing at a rate of 5 percent, and for American students at a rate of 1 percent. The number of minority and female Ph.D.'s increased profoundly between the late 1960's and early 1970's.

In fact, between 1977 and 1987, the number of female doctorate recipients increased substantially. Over the same period, however, the number of blacks earning Ph.D.'s declined from 1,116 to 765. A more profound drop occurred in black male doctorate recipients, from 684 to 317.

We talk often in this country about the black male being the endangered species. That is reflected in all levels, including graduate education. However, a small increase occurred during the same period in the number of black female recipients of doctorate degrees, from 432 to 448. The 765 Ph.D.'s earned by blacks in 1987 represented 3.4 percent of the Ph.D.'s awarded to U.S. citizens, and 2.4 percent of the total Ph.D.'s awarded by U.S. institutions, and, yet, blacks make up roughly 12 percent of the population. Hispan-

ics make up 6.5 percent of the population, and they received 2.8 percent of the Ph.D.'s awarded to U.S. citizens in 1987.

The issue of the under-representation of minorities and women in higher education and graduate education, Senator Cochran, is very severe. We have to figure out ways to help enforce Executive Order 12677, which deals with the representation of HBCU's in all aspects of American higher education.

I would like to suggest strongly that we take a close look at the present construction of title IX, because title IX now only provides for graduate assistance for 5 historically black colleges and universities. My plea today to you is that we need to open the process up to appropriate funds, so all historically black institutions with graduate programs would have the opportunity to participate in title IX. It seems to me that it is an obligation that we have, if we are serious about dealing with the issue of the under-representation of women and minorities in higher education.

Thank you very much.

[The prepared statement of Mr. McLemore follows:]

PREPARED STATEMENT OF MR. MCLEMORE

Mr. Chairman, I wish to thank you for permitting me to discuss Title IX of the Higher Education Reauthorization Act. My testimony will focus on graduate education at Historically Black Institutions of Higher Learning (HBCU's). I am professor of political science and acting director of the Jackson State University/Universities Center. I am here today in my capacity as president of the Council of Historically Black Graduate Schools. The CHBG's is the official representative of all the HBCU's that offer graduate education in America. More than 40 percent of the HBCU's offer some form of graduate or professional education. Historically, the graduate education role of these institutions has been neglected. They have, in so many words been "out of sight and out of mind."

We all know that a graduate program involves specialized knowledge and concentrated study in one area. In this respect it differs from undergraduate study, which introduces you to a wide range of subjects, even though you major in one, and gives you certain intellectual skills—reading critically, writing clearly, arguing persuasively.

A graduate program is generally more focused on a specific area of interest and acquiring specialized skills to practice a profession or do advanced research. However, it does not merely entail an additional number of courses. It requires active participation in research, and/or internships too practice professional skills.

There are two major kinds of graduate degrees, professional degrees and research degrees, and two major levels, master's and doctoral. At the master's level, a professional degree gives you a specific set of skills needed to practice a particular profession. It is generally a final degree. The research master's provides experience in research and scholarship, and it may be a final degree or a step toward the PH.D.

The master's degree may be pursued in such areas as business, social science, education or several other areas of interest. The master's does not require the same level of research as the doctorate. The overwhelming majority of the HBCU's are master's institutions only.

In order to foster diversity of college and university faculty, the graduate role of HBCU's must be enhanced. Indeed, the issue of the under-representation of minorities and women will not be satisfactorily dealt with if we do not enhance and rejuvenate the HBCU graduate education community. We must ensure the graduate and professional education of United States minorities and women. We must counter the movement to institute international students for United States minorities and women. I am strongly recommending that HBCU's should and must play a pivotal role in this process. According to the council of graduate schools, "by field the percentages on non-U.S. graduate enrollment runs a wide range from a low of 5 percent in education to a high of 38 percent in engineering." Indeed, in engineering, the percentage of non-U.S. citizens earning doctorates was 55 percent in 1989. CGS notes that enrollment trends indicate a 5 percent increase for non-U.S. citizens and less than 1 percent per year for U.S. citizens. These statistics are even more depress-

ing when we look at minorities and women in doctoral programs. The number of minority and female Ph.D.'s increased significantly between the late 1950's and early 1970's. In fact, between 1977 and 1987 the number of female doctorate recipients increased substantially. Over the same period, the number of blacks earning Ph.D.'s declined from 1,116 to 765. A more profound drop occurred in black male doctorate recipients from 684 to 317. However, a small increase occurred in black female doctorate recipients—432 to 448. The 765 Ph.D.'s earned by blacks in 1987 represented 3.4 percent of the Ph.D.'s awarded to U.S. citizens and 2.4 percent of total Ph.D.'s awarded by U.S. institutions. Yet blacks make up roughly 12 percent of the population. Hispanics, who make up 6.5 percent of the population, received 2.8 percent of the Ph.D.'s awarded to U.S. citizens in 1987. The underrepresentation in doctoral education of women and minorities must be addressed as a matter of both practical necessity and social justice. We cannot afford the cost of the continued inability to recruit the talent from such large and rapidly expanding sectors of our society and we must question the equality of educational opportunity for groups persistently underrepresented at the highest levels of our educational system.

The issue of the underrepresentation of women and minorities is complicated by the rapid growth of new immigrants into the American population. In recent years, schools have been overwhelmed by the needs of an unprecedented immigrant student population—students who speak over 80 different languages and who come form a variety of social, economic and cultural backgrounds. Our schools' ability to cope and to educate this increasingly pluralistic generation will have a profound impact upon our country's future.T

he new immigrants will clearly test his country's ability to accommodate diversity at its highest. Whereas in the early part of the century most of the immigrants were European, today they are Mexicans, Philippinos, Vietnamese, Koreans, Indians, Chinese, Dominicans and Jamaicans—they are third world peoples and they are being received, with at' best, an ambivalent welcome. We can rest assured that the recent events in Eastern Europe and the Soviet Union will further complicate the plight of women and minorities in America. What will happen to the educational opportunity for these indigenous underrepresented groups? It seems to me that the HBCU community has a major role to play in the future.

In conclusion. Let me say that the United States faces the prospect of continued great inequality between whites and African-Americans and a continuing division of social status within the African-American population if we do not recognize the immense potential of the HBCU community. HBCU graduate schools can, if allowed, help to address the underrepresentation of women and minorities in graduate education.

Thank you very much.

Senator COCHRAN. Thank you, Dr. McLemore, for that interesting perspective on a problem that we have that needs attention.

Dr. McMillan, president of Rust College, welcome.

Mr. MCMILLAN. Thank you very much, Senator Cochran.

I note that you only gave us 5 minutes.

Senator COCHRAN. Well, you can have a little more.

Mr. MCMILLAN. The former two speakers took 9 each. Dr. McLemore did take 5, but he is a Rust graduate. [Laughter.]

Rust College does represent one of the five oldest historical black colleges in the country, and I speak to you and bring to you messages from the private sector largely, but all historically black colleges, for 41 United Negro Fund colleges in this country, and, of course, we have two here in Mississippi, Tougaloo and Rust. These institutions have moved forward, as you can see from the records, and I will not attempt to go through that, because we have given you that in a longer version.

I would like to say that I know more about Rust, because I have been there for 24 years, but these institutions, all 117, have really made progress and have kept America alive. All of that has been said in the past and there is no need of repeating that, but I would like to give you a little birds-eye view of what has happened at the

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college that I have been in, because of title IV and title III, particularly.

We started off with 400 students and now we have 1,021 students. We started off with an endowment of $240,000, and now we have $12.5 million in endowments. We started off with 6 percent faculty members with earned doctorate degrees, and now we have 65 percent holding earned doctorate degrees. We started off with a physical plant that was valued at about $2 million, and now it is about $25 million, and all the buildings they have rebuilt are debt-free. It is because of programs that are coming from our tax dollars through the Federal Government has helped us to enable young people to pay their bills, and we have been able to keep our books clear and a clean audit report for the last 20 years, with a little surplus, and now we are running in the red.

This is the kind of record that our historically black colleges have exemplified, and particularly those in the United Negro College Fund family that I know more about. But if it were not for the Federal programs, title IV and title III, we would not have been able to do this kind of thing, and I just want to point out how we can probably do a little bit more.

I might say first that most of our students do come from Mississippi, 63 percent are from Mississippi, 37 percent from 35 other States, and we have 2 foreign countries represented, with about 10 percent, and a few white students, but most or 98 percent of our students are black.

Our students are also financial aid, they need it, 99 percent of our students have need for substantial financial assistance. Every student last year had about a $6,100 cost of room, board, tuition fees and books, and the average student last year paid $700 for all of this, because of their economic background, 75 percent are below the poverty line, making less than $10,000 a year.

We feel very good about that, because we think that we have done something that others were afraid to try to do, and this has been a role of Rust College for 125 years.

Let me just point out very quickly within my 5 minutes what I think would be helpful, if you and your committee would consider. First of all, I would like to recommend, on behalf of all of us, that we simplify the application forms for financial aid for our students. It is too complicated and too cumbersome. In my written report, I have told you how I think it could be done, but I will not take the time to do that here.

Second, I would like to see you raise the Pell Grant to $4,000. If we can raise the Pell Grant to $4,000 as an entitlement grant, that will certainly do much to help our students move forward.

We would like to see you eliminate the income contingency loan, because that has been an albatross around the necks of our students, the income contingency loan. If it can be merged into something else, this certainly could be very helpful.

We would like for you to look at the default penalties that are placed on institutions that have had little to do with the issuing of loans and certainly have little power in collecting loans. Those who show due diligence should be exempted from the penalties which seem to be coming on with the default loans.

On the title III program, I would like to see us look at upgrading the title III program. It has done great work for us, and I have tried to allude to that in my paper, but we need to upgrade the $250,000 as a minimum to $500,000 as a base for all of our institutions. Some of the smaller institutions will not get much more than the base, and right now some are getting much less than $500,000. Most of us are getting more than that, but for those institutions that are getting less, we would like to see the base raised to $500,000 for all institutions, public and private institutions.

We would like to see you consider including four of the professional schools into the special act creating funding for the graduate schools. The two pharmacy schools, Xavier and Famieux and also in the law schools, North Carolina Central, Southern University Law School, and, of course, we do not know which way Texas Southern wants to go, but we would like to include one of theirs, either the law school or the pharmacy school at Texas Southern.

These are some of the recommendations I would like to make, and I think I am within my time limit. Thank you so much.

[The prepared statement of Mr. McMillan follows:]

TESTIMONY OF WILLIAM A. McMILLAN, Ph.D.

PRESIDENT OF RUST COLLEGE

Holly Springs, Mississippi

GOOD MORNING, I AM WILLIAM A. McMILLAN, PRESIDENT OF RUST COLLEGE IN HOLLY SPRINGS, MISSISSIPPI. WE ARE A PRIVATE, HISTORICALLY BLACK INSTITUTION OF HIGHER EDUCATION ESTABLISHED IN 1886 AND SUPPORTED BY THE UNITED METHODIST CHURCH. OUR STUDENT ENROLLMENT IS APPROXIMATELY 1,016, INCLUDING 648 MISSISSIPPIANS AND REPRESENTATION FROM NINETEEN OTHER STATES -- 605 OF WHOM ARE FEMALE STUDENTS AND 335 OF WHOM ARE MALE STUDENTS. TUITION AND ROOM AND BOARD COSTS AT RUST ARE $5,548. RUST STUDENTS PURSUE A VARIETY OF ACADEMIC AND EXTRACURRICULAR INTEREST AS PART OF THEIR MATRICULATION EXPERIENCE.

RUST OFFERS THE ASSOCIATE OF ARTS IN SCIENCE, THE BACHELOR OF ARTS AND BACHELOR OF SCIENCE DEGREE, AS WELL AS THE BACHELOR OF SOCIAL WORK (GERONTOLOGY) DEGREES. RUST'S ACADEMIC PROGRAMS INCLUDE BUSINESS ADMINISTRATION, BUSINESS EDUCATION, COMPUTER SCIENCE, ELEMENTARY & SECONDARY EDUCATION, HISTORY, MASS COMMUNICATION, MEDICAL TECHNOLOGY, Pre-ENGINEERING (WITH GEORGIA INSTITUTE OF TECHNOLOGY/TUSKEGEE UNIVERSITY), MEDICAL TECHNOLOGY, Pre-LAW, VETERINARY MEDICINE, AND Pre-NURSING.

I AM PLEASED TO TESTIFY TODAY ON BEHALF OF RUST COLLEGE AND THE 41 MEMBER INSTITUTIONS OF THE UNITED NEGRO COLLEGE FUND (UNCF) -- ESPECIALLY OUR SISTER INSTITUTION IN MISSISSIPPI TOUGALOO COLLEGE. UNCF COLLEGES AND UNIVERSITIES EDUCATE ALMOST 50,000 STUDENTS FROM 48 STATES AND 30 FOREIGN COUNTRIES AND U.S. POSSESSIONS.

UNCF STUDENTS ARE PRIME USERS OF THE PELL GRANT PROGRAM, ALTHOUGH IN RECENT YEARS THEY HAVE BEEN FORCED TO BORROW MORE IN STAFFORD AND PERKINS IN ORDER TO PAY COLLEGE COSTS. TWO-THIRDS OF ALL UNCF STUDENTS RECEIVE PELL GRANTS AND ONE-THIRD OF ALL UNCF STUDENTS RECEIVE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (SEOGs). IN 1988-89, UNCF STUDENTS RECEIVED $58 MILLION FROM THESE TWO PROGRAMS. THE STAFFORD LOAN PROGRAM, HOWEVER, HAS BECOME THE LARGEST SINGLE SOURCE OF FEDERAL FINANCIAL AID FOR UNCF STUDENTS - PROVIDING $51 MILLION TO SLIGHTLY MORE THAN HALF OF ALL UNCF STUDENTS. MANY UNCF PRESIDENTS, AND I AM AMONG THEM, FIND THIS TREND DISTURBING BECAUSE IT CREATES A FOUR-YEAR INDEBTEDNESS OF ALMOST $10,000 FOR VERY LOW INCOME STUDENTS. I WANT TO URGE YOU SENATOR COCHRAN, IN THE STRONGEST POSSIBLE AND MOST SINCEREST TERMS, THAT THE CONGRESS ADDRESS THE QUESTION OF LOAN-GRANT IMBALANCE IN THIS REAUTHORIZATION.

TO GIVE YOU A CAPSULE VIEW OF RUST COLLEGE, AMONG OUR 1.016 STUDENTS, almost 75 PERCENT RECEIVE FEDERAL FINANCIAL ASSISTANCE DURING THE 1988-89 ACADEMIC YEAR: __/

PROGRAM	No.ofAwards	Amount	Avg.Award
Pell Grants	725	$1,230,947	$1,697
SEOG	620	$ 417,171	$ 673
CWS	656	$ 431,250	$ 657
STAFFORD LOANS	462	$ 639,566	$1,384
PERKINS LOANS	NA	NA	NA

AS YOU CAN TELL FROM EVEN A CASUAL EXAMINATION OF THE ABOVE INFORMATION, RUST COLLEGE STUDENTS ARE VERY DEPENDENT -- AS ARE MOST UNCF STUDENTS -- ON TITLE IV, STUDENT ASSISTANCE. ACCORDING TO UNCF'S ANALYSIS OF STUDENT PARTICIPATION IN THE FOUR MAJOR FEDERAL STUDENT AID PROGRAMS -- CONTAINED IN THE 1990 STATISTICAL REPORT -- 91 PERCENT OF ALL UNCF STUDENTS RECEIVED SOME FORM OF FEDERAL AID (IN 1988-89), AND MOST OF THESE STUDENTS RECEIVE SEVERAL FORMS OF FEDERAL ASSISTANCE.

THIS IS DUE IN LARGE MEASURE TO THE FACT THAT OUR STUDENTS COME FROM FAMILIES WITH INCOMES TWO-THIRDS LOWER THAN STUDENTS AT OTHER PRIVATE COLLEGES. THEY DON'T JUST SHOW "NEED" RELATIVE TO THE COST OF EDUCATION -- THEY ARE POOR! A COMPARISON OF DATA FROM THE FALL 1989 AND 1990 COOPERATIVE INSTITUTIONAL RESEARCH PROGRAM (CIRP) ANNUAL FRESHMAN SURVEY IS REVEALING AND WILL ILLUSTRATE MY POINT AND THE BASIS FOR UNCF RECOMMENDATIONS ON THE LOAN - GRANT BALANCE QUESTION. THE MEDIAN ESTIMATED FAMILY INCOME OF STUDENTS ATTENDING PRIVATE BLACK COLLEGES IN THE FALL OF 1989 WAS $31,666 AS CONTRASTED TO $49,729 FOR STUDENTS ATTENDING PRIVATE NONSECTARIAN COLLEGES. IN THE FALL OF 1990, THE COMPARISON WAS $29,598 AND $51,037. ALARMINGLY, WHILE COLLEGE COSTS HAVE RISEN FASTER THAN THE RATE OF INFLATION OVER THE LAST DECADE, IT WOULD APPEAR THAT THE FAMILY INCOME GAP, AS KEVIN PHILLIPS HAS POINTED OUT IN THE POLITICS OF RICH AND POOR -- WEALTH AND THE AMERICAN ELECTORATE IN THE REAGAN AFTERMATH -- IS WIDENING! THE CHART BELOW, BASED ON THE 1989 AND 1990 FRESHMAN CIRP DATA IS ILLUSTRATIVE:

__/ 1990 STATISTICAL REPORT, HUGH R. FORDYCE AND ALAN R. KIRSCHNER, UNITED NEGRO COLLEGE FUND, INC. (JANUARY 1991) p. 67.

ESTIMATED PARENTAL INCOMES OF ENTERING FRESHMEN
AT PRIVATE HISTORICALLY BLACK COLLEGES AND
UNIVERSITIES AND AT PRIVATE NONSECTARIAN
COLLEGES AND UNIVERSITIES

	Fall 1989		Fall 1990	
	Private Black	Private Nonsect.	Private Black	Private Nonsect.
Estimated Parental Income Range (by percent)				
$100,000 and above	3.4	17.6	3.9	18.9
50,000 -- 99,999	20.9	32.1	18.6	32.2
35,000 -- 49,999	16.2	18.4	15.5	17.7
25,000 -- 34,999	17.5	13.5	17.9	12.7
15,000 -- 24,999	17.8	10.1	18.0	10.1
below $15,000	24.2	8.3	26.0	8.4

SOURCE: The American Freshman: National Norms for Fall 1989 and 1990, Alexander W. Astin, William S. Korn and Ellyne R. Berz, ACE/UCLA Cooperative Institutional Research Program, p.44.

THIS INCOME GAP IS EXACERBATED IN TWO WAYS THAT I HOPE THIS COMMITTEE WILL CONSIDER IN THE FORTHCOMING REAUTHORIZATION OF THE HIGHER EDUCATION ACT.

FIRST, OVER THE MOST RECENT DECADE, THE SHIFT IN THE PROPORTION OF FEDERAL STUDENT ASSISTANCE PROVIDED IN THE FORM OF LOANS AS OPPOSED TO GRANTS SHIFTED DRAMATICALLY. THAT SHIFT IN THE TYPE OF AID PROVIDED TO NEEDY, LOW-INCOME STUDENTS IS DISCONCERTING TO THOSE OF US WHOSE INSTITUTIONS SERVE LARGE NUMBERS OF LOW AND MIDDLE INCOME STUDENTS AND WHO WANT TO AVOID PLACING THEM DEEPLY IN DEBT AS SEEK TO ACQUIRE THE MEANS TO BETTER THEMSELVES AND THEIR FAMILIES. THE SHIFT FROM GRANTS TO LOANS, WHICH BEGAN IN 1976 IS DISTURBING. FROM 1970-71 TO 1975-76, GRANT AID INCREASED FROM 66 PERCENT TO 80 PERCENT OF ALL AID AWARDED, WHILE LOAN AID DECLINED FROM 29 PERCENT TO 17 PERCENT. IN THE MID-1970s THAT TREND REVERSED ITSELF, WHEN THE RISE IN GRANT AID PEAKED IN 1976 AND THEN BEGAN A PRECIPITOUS DECLINE TO 48.9 PERCENT IN 1988, WHERE IT HAS REMAINED FAIRLY CONSTANT. LOAN AID NOW TOTALS 49.7 PERCENT OF THE TOTAL AND THE REMAINING 2.6 PERCENT IS COLLEGE WORK STUDY. THE DECLINE IN AVAILABLE GRANT AID -- 8 PERCENT OF ALL UNCF STUDENTS WERE GSL BORROWERS IN 1979-80 COMPARED TO ALMOST 30 PERCENT ARE STAFFORD BORROWERS IN 1988-89 -- HAS MIRRORED A MAJOR INCREASE IN STUDENT BORROWING!

THE DRAMATIC EXPANSION OF STUDENT BORROWING PARALLELS THE INCREASED AVAILABILITY OF STUDENT LOANS, SPURRED IN PART BY THE MIDDLE INCOME STUDENT ASSISTANCE ACT OF 1978, THE 1976 AMENDMENTS TO THE HIGHER EDUCATION ACT INCREASING THE SPECIAL ALLOWANCE PAID TO LENDERS, AND THE GROWTH IN THE NUMBER OF STATE-BASED GUARANTORS PROVIDING GUARANTEES FOR STUDENT LOANS FOLLOWING THE DEMISE OF THE (FEDERALLY INSURED STUDENT LOAN (FISL) PROGRAM. LOANS HAVE SIMPLY BECOME MORE AVAILABLE, AND BECAUSE OF THE ENTITLEMENT NATURE OF THE PROGRAM, LOAN ACCESS IS PRETTY MUCH GUARANTEED TO ANY STUDENT WHO DEMONSTRATES "NEED" AND ATTENDS AN ELIGIBLE INSTITUTION. SPIRALING COLLEGE COSTS COUPLED WITH INCREASED LOAN AVAILABILITY HAS CREATED A GENERATION OF COLLEGE STUDENTS/GRADUATES WHO ARE LITTLE MORE THAN INDENTURED SERVANTS! THE OUTSTANDING GSL LOAN VOLUME ROSE FROM $9.9 BILLION IN 1976 TO $21.3 BILLION IN 1980, THEN TO $67.6 BILLION IN 1986 AND EXCEEDED $80 BILLION IN 1988. WHILE I BELIEVE WE CANNOT MINIMIZE THE IMPORTANCE OF STUDENTS REPAYING THEIR LOANS, FAR TOO MUCH ATTENTION IS PAID TO 'LOAN DEFAULT RATES,' AND EXCESSIVE BLAME IS PLACED ON COLLEGES AND UNIVERSITIES THAT ARE SIMPLY TRYING TO EDUCATE STUDENTS. CONVERSELY, NOT ENOUGH TIME OR ATTENTION IS SPENT ADDRESSING THE FEDERAL POLICIES WHICH DRIVE THE UNFORTUNATE RESULTS OF RELYING ON LOANS INSTEAD OF GRANTS AS THE FOUNDATION OF A LOW INCOME STUDENT'S FINANCIAL AID PACKAGE.

SECOND, UNCF BELIEVES THAT ATTEMPTS BY THE DEPARTMENT OF EDUCATION TO "RE-TARGET" PELL GRANTS ON THE LOWEST INCOME STUDENTS ACTUALLY FORCES INSTITUTIONS, LIKE RUST AND TOUGALOO COLLEGES AND OUR SISTER UNCF COLLEGES AND UNIVERSITIES, TO "ROB PETER TO PAY PAUL." WE DO NOT BELIEVE THAT IT MAKES SENSE TO TAKE MONEY FROM THE NEAR POOR ($15,000-$25,000), TO GIVE IT TO THE "VERY POOR ($0-$10,000)." LET ME EXPLAIN.

UNCF INSTITUTIONS ENROLL A DISPROPORTIONATELY LARGE NUMBER OF STUDENTS FROM FAMILY INCOMES BETWEEN $0-$24,999 COMPARED TO OTHER PRIVATE, FOUR-YEAR COLLEGES AND UNIVERSITIES. AS A RESULT, UNCF INSTITUTIONS ARE SEVERELY DISADVANTAGED BY THE BUSH ADMINISTRATION PROPOSAL WHICH WOULD ACKNOWLEDGE THE EROSION IN THE PURCHASING POWER OF THE PELL GRANT FOR ONE CATEGORY OF LOW INCOME STUDENTS, BUT NOT FOR ANOTHER!

SIMILARLY, THE BUSH ADMINISTRATION PROPOSAL IGNORES THE FACT THAT THE PELL GRANT PROGRAM IS ALREADY WELL-TARGETED ON THE LOWEST INCOME STUDENTS. NOTE THE INCOME DISTRIBUTION OF ALL PELL GRANT RECIPIENTS (SEE CHART BELOW) IN ASSESSING THE IMPACT OF THE PROPOSED BUSH ADMINISTRATION PLAN TO CREATE A SUPER PELL GRANT BY RE-TARGETING PELL GRANT AID ON THE LOWEST INCOME RECIPIENTS. AS THE CHART INDICATES, THE DEPARTMENT OF EDUCATION'S OWN FIGURES PROJECT THAT 58% OR 1,755,337 PELL GRANT RECIPIENTS FROM FAMILIES WITH INCOMES BETWEEN $0-$10,000 WILL BE SERVED IN 1992-93.

Estimated Distribution of All Pell Grant Recipients and Program Cost by Income for 1992-93

Adjusted Gross Income	Recipient Population	% of Total	Program Costs /	% of Total	Average Award
0 - $10,000	1,755,337	58	$3,866,348,584	67	$2,191
$10,001 - $15,000	356,388	12	775,351,012	13	2,176
$15,001 - $20,000	319,824	11	522,265,590	9	1,633
$20,001 - $25,000	235,079	8	279,316,618	5	1,188
$25,001 - $30,000	163,927	5	175,536,234	3	1,071
$30,001 +	186,847	6	161,215,947	3	863
Total	3,017,401	100	5,760,033,986	100	1,909

SOURCE: Pell Grant Section of the Department of Education FY 1992 Justification of Appropriations for the tion, Committees on Appropriations, Higher Education, Volume II (February 1991), p.L-28.

YET, ANY REVIEW OF THE RECENT EXPERIENCE OF RUST COLLEGE STUDENTS, ESPECIALLY WHEN COUPLED WITH THE FY 1992 BUDGET PROPOSALS TO RESTRICT GRANTS TO POOR STUDENTS AND INCREASE THE AVAILABILITY OF LOANS, DEMONSTRATES THAT CURRENT LOAN DEFAULT TRENDS ARE LIKELY TO BE EXACERBATED. ALTHOUGH ABOUT TWO-THIRDS OF ALL UNDERGRADUATE STUDENTS RECEIVED PELL GRANTS AT RUST COLLEGE DURING 1988-89, THE AMOUNT OF AID DERIVED FROM THIS SOURCE ACCOUNTED FOR ONLY 25 PERCENT OF ALL STUDENT FINANCIAL AID. IN CONTRAST, VARIOUS LOAN PROGRAMS ACCOUNTED FOR NEARLY 40 PERCENT OF STUDENT AID DOLLARS IN 1988-89. THREE-QUARTERS OF THESE LOAN DOLLARS CAME FROM THE STAFFORD LOAN PROGRAM.

THE POTENTIAL NEGATIVE IMPACT OF THE FY 1992 BUDGET PELL GRANT PROPOSAL IS BEST UNDERSTOOD BY COMPARING THE MEDIAN ESTIMATED FAMILY INCOME OF STUDENTS ATTENDING ALL BLACK PRIVATE COLLEGES IN THE FALL OF 1989 AND 1990 TO THOSE OF OTHER PRIVATE NON-SECTARIAN COLLEGES. IN THE FALL OF 1989, AS THE CHART ON PAGE 3 MAKES CLEAR, THE MEDIAN ESTIMATED FAMILY INCOME OF FRESHMAN STUDENTS ATTENDING PRIVATE BLACK COLLEGES WAS $31,466 COMPARED TO $49,729 FOR STUDENTS ATTENDING PRIVATE NONSECTARIAN COLLEGES, WHILE IN THE FALL OF 1990, THE COMPARISON WAS $29,598 TO $51,037. VIEWED FROM A UNCF PERSPECTIVE, THE ADMINISTRATION'S BUDGET PROPOSAL EXACERBATES, RATHER THAN ADDRESSES THE LOAN GRANT IMBALANCE SITUATION BECAUSE IT TAKES MONEY AWAY FROM THE "NEAR POOR" TO GIVE IT TO THE "VERY POOR." THIS WILL UNDOUBTEDLY FORCE THOSE STUDENTS FROM $10-$25,000 FAMILIES TO BORROW TO MAKE UP FOR DIMINISHED PELL GRANT FUNDS. WHILE WE WOULD WELCOME THE $3,700 PELL MAXIMUM -- A LONG OVERDUE INCREASE TO ADDRESS THE EROSION IN THE PURCHASING POWER OF THE PELL GRANT SINCE 1980 -- THE PROPOSED SHIFT IN EMPHASIS WILL DO SIGNIFICANT DAMAGE TO THE HIGHER EDUCATION ASPIRATIONS OF RUST STUDENTS FROM FAMILIES WITH INCOMES IN THE $15-$25,000 RANGE.

__/ Total program costs reflects program funds paid directly to students and excludes administrative cost allowances paid to the institutions at a rate of $5 per recipient, which in 1992-93 are estimated to total $15,087,000.

UNCF BELIEVES A MUCH MORE THOUGHTFUL PROPOSAL, BUT ONE THAT REQUIRES ADDITIONAL REFINEMENTS, IS THE POLICY INITIATIVE ADVANCED BY REPRESENTATIVE BILL FORD OF MICHIGAN, CHAIRMAN OF THE HOUSE EDUCATION AND LABOR COMMITTEE AND ITS SUBCOMMITTEE ON POSTSECONDARY EDUCATION AND SENATOR PAUL SIMON OF ILLINOIS. WHILE UNCF WOULD STRONGLY OPPOSE A HARD AND FAST RULE THAT RESTRICTED GRANT AID TO THE FIRST TWO YEARS OF BACCALAUREATE STUDY, WITH LOANS BEING USED EXCLUSIVELY IN THE LAST TWO YEARS -- WE DO BELIEVE IT WOULD BE ADVANTAGEOUS AND APPROPRIATE FOR OUR STUDENTS TO EMPHASIZE GRANT AID IN THE FRESHMAN AND SOPHOMORE YEARS, AND TO REVERSE THAT EMPHASIS IN THE LATTER TWO YEARS OF BACCALAUREATE DEGREE STUDY.

THIS APPROACH, WE BELIEVE ENCOURAGES COLLEGE ACCESS AND SUCCESS; REDUCES OR ELIMINATES THE NEED FOR ACADEMICALLY "AT-RISK" STUDENTS TO O BORROW UNTIL THEY HAVE DEMONSTRATED THEIR ACADEMIC POTENTIAL; AND COULD SIGNIFICANTLY REDUCE THE OVERALL INDEBTEDNESS OF LOWER INCOME STUDENTS.

THE COST OF 'PAYING NOW OR PAYING LATER,' GIVEN THE HISTORICAL SHIFT OF FEDERAL STUDENT AID SPENDING FROM GRANTS TO LOANS -- FROM 80 GRANTS (AND 20 PERCENT LOANS) IN 1976 TO 49 PERCENT GRANTS (AND A SIMILAR AMOUNT IN LOAN AID) IN 1990 -- IS EASILY SEEN WITHIN THE UNCF FAMILY. THE STAFFORD LOAN (FORMERLY GUARANTEED STUDENT LOANS) IS NOW THE LARGEST SINGLE SOURCE OF SUPPORT FOR UNCF STUDENTS, PROVIDING SOME $51 MILLION OR 30 PERCENT OF ALL AID AWARDED IN 1988-89. IN 1978, ONLY 8 PERCENT OF ALL UNCF STUDENTS PARTICIPATED IN THE GSL PROGRAM.

FOR THOSE STUDENTS WHO DO NOT COMPLETE COLLEGE, AND MANY DROP OUT AFTER ONLY ONE-YEAR OR ARE DETERMINED TO BE ACADEMICALLY INELIGIBLE AFTER TWO YEARS -- THE FINANCIAL BURDEN OF REPAYMENT, WITHOUT THE BENEFIT OF A COLLEGE DEGREE OR OTHER CREDENTIAL IS OVERWHELMING. HBCU GRADUATES EARN 86 PERCENT MORE THAN AFRICAN AMERICANS WITHOUT A COLLEGE DEGREE!

UNCF STRONGLY SUPPORTS THE CREATION OF A TRUE PELL GRANT ENTITLEMENT AS THE ONLY MEANS FOR REDRESSING THE IMBALANCE BETWEEN LOAN AND GRANTS FUNDS PROVIDED BY THE CONGRESS TO ELIMINATE THE BARRIER TO HIGHER EDUCATION ERECTED BY THE RISING COST OF A COLLEGE EDUCATION AND LIMITED FAMILY FINANCIAL INCOME.

THERE IS NO MORE IMPORTANT ISSUE FACING THIS SUBCOMMITTEE AND THE 102ND CONGRESS THAN WHETHER OR NOT IT WILL, IN FACT, LIVE UP TO ITS THIRTY-FIVE YEAR OLD PLEDGE " The security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women ... We must increase our efforts to identify and educate more of the talent of our Nation. This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need."

"In a Nation which holds sacred the dignity and worth of the individual, education is first and foremost an instrument for serving the aspirations of each person. It is not only the means for earning a living, but for enlarging life - for maintaining and improving liberty of the mind, for exercising both the rights and obligations of freedom, for understanding the world in which we live." /

I WOULD LIKE TO SUMMARIZE UNCF's TITLE IV RECOMMENDATIONS BRIEFLY:

* Make the Pell Grant Program a true entitlement with a $4,000 maximum award beginning in FY 1994. The budgetary impact of this proposal might be phased in by applying the entitlement to freshmen students only in the first year, then adding a class of students each year thereafter over a four year period.

* Simplify the federal student aid application process. Two things could be done immediately to make it easier for low income students to apply for and receive Title IV assistance, while preserving the integrity of the aid programs: (1) provide a revised simplified federal form for families with incomes below $15,000, with six or seven data elements, and require applicants to submit their 1040 or 1040A form or other evidence that they receive AFDC or Food Stamps, live in federally-subsidized housing, etc. (those students with incomes below $10,000 should receive the maximum award); and (2) require students applying for aid for their sophomore, junior or senior year (who previously received Title IV aid as freshmen) to supply updated information only and the most recent parental/student tax return instead of requiring the student to complete a whole new application each year.

* Reduce paperwork burdens in the financial aid programs, especially for institutions with significant numbers of aid recipients in their student population (i.e. 50% or greater), by eliminating the validation requirement for those schools with a three-year unblemished record of performance and no audit exceptions.

/ SPECIAL MESSAGE TO CONGRESS: "NATIONAL DEFENSE EDUCATION ACT," JANUARY 28, 1957 AND SPECIAL MESSAGE TO CONGRESS ON EDUCATION, JANUARY 27, 1958, PUBLIC PAPERS OF THE PRESIDENTS, DWIGHT D. EISENHOWER, BOOK II, p. 95 AND BOOK III, P 127.

* Eliminate the Income Contingent Loan (ICL) Program. This program represents a serious pitfall for low income students because it appears attractive yet is likely to trap students with lesser earnings growth in serious long-term debt. For example: a student who borrowed $13,000 (under the ICL program) would be required to repay over $48,000 in principal and accumulated interest (using the program's assumptions as to income and projected minimum payments) if he or she began an employment career with a salary of $10,800.00, or would be required to repay $25,700 in principal and interest over ten years if the starting salary was $23,100. In contrast, that same student would pay back about $18,925 over ten years in the Stafford Loan program.

* Merge the ICL Concept into a Totally Campus-based Perkins Loan Program. Federal capital contributions (FCC) for the Perkins program would cease at the end of FY 1994 and campuses would administer the program solely based on effectively collecting from students who have borrowed from the program. Institutions might be permitted, at their discretion, to allow up to ten percent of their Perkins loans to be subject to income contingent repayment. The FY 1990 FCC was $135,129,000 and was allocated to 1,559 institutions, including only 15 UNCF institutions. Twenty-six other UNCF institutions do participate in the Perkins program. Tuskegee University and Xavier University, as well as Morehouse College receive the bulk of the $1.3 million in FCC made available to UNCF member colleges through the FY 1990 appropriation. The total outstanding loan balance is $4.9 billion.

* Eliminate the exclusive and arbitrary use of student loan default rates to exclude institutions from participation in Title IV programs. UNCF certainly understands the Department's desire to reduce student loan defaults. We share that concern. However, the criteria used to target institutions for special attention or exclusion from the program must be sensitive to the mission and purpose of an institution, as well as the institution's role in creating and solving the loan default problem.

LET ME TURN TO ONE OTHER SUBJECT BEFORE CONCLUDING.

TITLE III OF THE HIGHER EDUCATION ACT HAS ALWAYS BEEN A MAJOR SOURCE OF SUPPORT FOR THE NATION'S HISTORICALLY BLACK COLLEGES AND UNIVERSITIES. DURING THE 1986 REAUTHORIZATION, THIS PORTION OF THE ACT WAS SUBSTANTIALLY RE-WRITTEN TO CREATE, IN PART B, A FORMULA-DRIVEN PROGRAM THAT PROVIDES DIRECT ASSISTANCE TO 98 HBCUs IN THE SOUTH AND SOUTHWEST, AND IN OHIO, PENNSYLVANIA AND OKLAHOMA.

I BELIEVE THIS PROGRAM HAS WORKED WELL AND ONLY A FEW MINOR ADJUSTMENTS NEED BE MADE TO ASSURE ITS CONTINUED OPERATION AND SUPPORT FOR THE NATION'S HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.

FIRST, WE BELIEVE THE PART B "FLOOR," OR THE GRANTS GOING TO THE SMALLEST HBCUs SERVED UNDER PART B, SHOULD BE RAISED FROM $350,000 TO $500,000. APPROXIMATELY 15 SMALLER TWO AND FOUR YEAR COLLEGES WOULD BE ASSISTED IF THIS WERE DONE. UNDER THE PART B FORMULA, THEY HAVE NOT RECEIVED THE BENEFIT OF ANY OF THE INCREASES CONGRESS HAS PROVIDED SINCE 1986 AND MANY OF THEM NEED FEDERAL HELP THE MOST.

SECOND, WE BELIEVE THAT FIVE ADDITIONAL GRADUATE AND PROFESSIONAL SCHOOLS SHOULD BE ADDED TO SECTION 326 IN A WAY THAT DOES NOT REDUCE THE AWARDS TO EXISTING FIVE INSTITUTIONS SERVED BY SECTION 326. THE FIVE NEW SECTION 326 SCHOOLS WOULD BE: (1) XAVIER UNIVERSITY SCHOOL OF PHARMACY; (2) FLORIDA A & M UNIVERSITY SCHOOL OF PHARMACEUTICAL SCIENCES; THE TEXAS SOUTHERN UNIVERSITY SCHOOL OF PHARMACY or THE THURGOOD MARSHALL SCHOOL OF LAW AT TEXAS SOUTHERN UNIVERSITY; (4) THE SOUTHERN UNIVERSITY SCHOOL OF LAW; AND (5) THE NORTH CAROLINA CENTRAL SCHOOL OF LAW.

THIRD, WE URGE THE SENATE TO AGAIN PASS THE BUSH ADMINISTRATION'S PROPOSAL TO ESTABLISH A "SETASIDE" IN PART C OF TITLE III (CHALLENGE/ENDOWMENT GRANTS) FOR HBCUs. THAT SETASIDE SHOULD BE FOR $20 MILLION.

FINALLY, WE URGE THE CONGRESS TO PROVIDE AN AUTHORIZATION IN FY 1994 FOR PART B OF $250 MILLION AND FOR PART C OF $30 MILLION, INCLUDING THE SETASIDE OF $20 MILLION FOR HBCUs.

I WOULD LIKE TO REQUEST THAT UNCF'S ANALYSIS OF THE DEPARTMENT OF EDUCATION'S FY 1992 BUDGET BE INCLUDED IN THE RECORD RIGHT AFTER MY WRITTEN TESTIMONY. IT EXPLAINS AND ELABORATES ON MANY OF THE POINTS I HAVE MADE HERE THIS MORNING, AS WELL AS INDICATING OUR VIEWS ON SOME OF THE ADMINISTRATION'S HIGHER EDUCATION ACT REAUTHORIZATION RECOMMENDATIONS, AND IT MAY BE OF SOME ASSISTANCE TO YOU SENATOR COCHRAN AND THE OTHER MEMBERS OF THE COMMITTEE.

THAT CONCLUDES MY FORMAL TESTIMONY. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

438/MISSTEST

Senator COCHRAN. Thank you, Dr. McMillan. I appreciate your sensitivity to the time, and we respect you for that. We also appreciate your giving us these thoughts that you have made available to us and the suggestions you have made.

Dr. Clyda Rent, we are glad to have you, from Mississippi University for Women.

Ms. RENT. Thank you, Senator Cochran.

Thank you very much. I am delighted to be here. I think it is sometimes said about educators that, when we finally decide to fight, the battle is over, so the first thing I want to do is congratulate our Senator Cochran and also his excellent staff, Ms. Dixon and others, who are allowing this type of hearing to take place. I think it is extraordinarily important, and I hope that it signals other leaders in Washington doing the same, that we communicate and work together to come out with solutions that really address all of the needs.

I just read President Bush's America 2000, and I think the quote on the front of that is quite apropos for today, "Making this land all it should be." I think as we sit here today, all of us at this table are minorities, and we appreciate the opportunity to have our say and to represent our institutions.

Things have already been said far more eloquently than I could say them, and I concur and underscore what my colleagues have said. The bottom line to me is the types of institutions that we represent here today are very, very important to the future of this country, to the United States having truly a qualified labor force that will regain at the highest level our economic competitiveness, so that is the basic point I want to make.

I think in America, probably less so than in Texas, but, in general, in America we tend to think that bigger is better, and I think that all of these institutions and the track records and the histories of them have documented that that is not necessarily always the case.

In fact, one of the points I would like to make is I think that while we are all emphasizing cultural diversity on our campus, I think the State of Mississippi is to be congratulated, in fact, for having a diversity of types of institutions, because research is showing that there are different types of institutions that more optimally serve different types of students, and I think that we are well-postured for the next 10 to 20 years, if we take advantage of what we have and play from strength in doing that.

You have asked me to specifically address title III. Mississippi University for Women received this year a title III grant or approximately $197,000. We, like other small institutions, it is probably more exacerbated by the fact that we are predominantly women and, therefore, not in athletics. It is sort of like in every arena for garnering funds, we end up not being on the long end of the stick.

For example, if you look at State funding formulas across the Nation, they tend to favor the larger comprehensive institutions. If you look at Federal funding, they tend to favor research institutions and larger institutions. And if you look at other carrots with which we draw money, for example, intercollegiate activities at the

NCAA Division I level, we are, obviously, at a disadvantage in all those areas.

Consequently, to make a long story short, title III funds absolutely represent a critical opportunity for institutions like Mississippi University for Women and those represented here today to have the opportunity to really have the absolutely lacking flexibility and margin of funds to do the job that we need to do.

I also want to emphasize that, in spite of the fact that we have been sort of at a disadvantaged position in receiving funds, nevertheless, these institutions have done well in quality. For example, I just want to speak very briefly about the debut. This is the first Federal grant I think we have received in some time, other than in nursing, and it has allowed us, for example, to purchase equipment that we never could have purchased to help minorities and regular students, nonminority students learn to write better, it has helped us do more career counseling with mentoring, which all research is beginning to document how important that is, and it has also allowed us to have very desperately needed positions.

For example, again, a disadvantage that small schools have without graduate programs, we do not have the advantage of having graduate assistants to add to our instructional workforce, and, consequently, are somewhat disadvantaged in that way. But these types of grants make up the marginal difference: $200,000 at an institution like Mississippi University for Women is the difference between ideally and optimally serving students to really help them develop their full potential and not being able to do that, so I want to underscore how important title III funds are.

For example, at Mississippi University for Women, if you look at funding and you look at the sort of strapping in terms of resources, but yet you look at what has happened this year, we have the top-3 star teachers in the State, the Teacher of the Year at our university, the math and science school, Hinds Community College, Mississippi College, the Mississippi Association of Educators' Teacher of the Year, the Christie McCullough Winner, to show you the kind of quality this little school puts out, and I think we can document this with all of these schools.

So, I think it is very important that we continue to lobby for and work for ways that we can get the funding that really makes that marginal difference, in terms of being able to continue to practice quality.

I wanted to speak very briefly to title IV, as well. So many things have already been pointed out, but, obviously, we are recommending, from the largest associations of higher education in America, that the formula be changed for the Pell Grants, so that it really does indeed address the basic needs of our students, which the biggest is the room and board and the living expenses, and also to change the percentage of tuition, like 25 percent of tuition, and to make it a fairer formula that truly addresses the needs by raising the whole base as the bottom line.

Also, I am hoping that the Congress will include in the reauthorization Act some mechanism for rewarding persistence, that is, to have the very financial aid packages and programs through their procedures and policies, reward those students who do indeed stay in school and perform and persist and are successful, also, to make

more flexible repayment options. This is one of the reasons we lose students, is because they get heavily in debt early on and then they have to drop out or they realize that they are building up debt and, consequently, drop out so that they can repay. So, I think flexible repayment options are very important.

Also, I think it is very important in the reauthorization that we pay attention to allowing maximum flexibilitas on the campus, as we administer these programs. For example, one of the recommendations would be that we allow the greater percentage of transfer in between basic programs, in other words, upping it to 25 percent, whereas, currently we are very restricted to like 10, 15 and 25 percent on specific programs, which many times ties our hands and, therefore, we cannot use the money in an optimum fashion.

Also, you have already mentioned simplifying the application form. One other point, and I think that this sort of plays into the big picture, as far as I am concerned. If we think about what we spend money for in this country, I have learned this week that the United States spends approximately $37 million for advertising to recruit people to join the military, and I am not sure we spend any money on advertising for people to go to college and to inform them as to the ways that they can receive Federal funding. In fact, I have always said it surprised me that people know how to fill out forms, because they are so complex.

So, we encourage these types of reforms in title III. I think the others that have been mentioned in the other titles, from the library to title IX, to include women, for example, in research internship opportunities.

We thank you for your interest in this and for allowing us to have input, and we hope that you agree that this is probably one of the watershed periods in the future of this country and how we construct, how we finance and who we allow to partake of higher education in this country will, in fact, determine the role of this country, not only in terms of our standard of our life locally and in this country, but also how we fare internationally.

Thank you for this opportunity.

[The prepared statement of Ms. Rent follows:]

PREPARED STATEMENT OF MS. RENT

Mr. Chairman and members of the committee, good morning. My name is Clyda S. Rent, and I am president of Mississippi University for Women, the first public college for women in America.

Developing institutions, especially those with specialized missions, could arguably be considered among the most important, as well as the most needed, sources of educational opportunity in America. Recently recognized as one of twenty model colleges for exemplary undergraduate education, Mississippi University for Women is an institution with one of the most distinguished records for educating women in the nation.

The "W" has produced some of America's outstanding women of achievement, in fields from literature to medicine to law. Heading a long list of distinguished alumnae are Pulitzer Prize-winning author Eudora Welty; research biologist Elizabeth Hazen who discovered the widely used antibiotic nystatin; and Lenore Prather, the first woman to serve on the Supreme Court of Mississippi. Since 1920, MUW is among the top twenty-four Southeastern colleges and universities graduating the greatest numbers of women who have earned doctorates. At a time when the labor force cries for highly qualified women and minorities, MUW's women's emphasis mission is more compelling than ever before.

Over the last decade, MUW has become a model in the education of minorities as well. 18 percent of the student body at Mississippi University- for Women are minority students, and the university's minority graduation Testimony of Clyda S. Rent I rate is the highest in the state, exceeding that even of the historically black colleges and universities.

Because small, state-assisted institutions are funded at levels that are undeniably minimal, their margin of excellence comes from private and federal monies, like those provided by the title III program of the U.S. Department of Education. At MUW, these funds are currently enabling the purchase of special equipment in science and mathematics and advanced technology for nursing instruction, as well as the development of innovative mentoring and tutoring programs. At institutions like MUW, that receive the smallest shares of state funds, such monies not only meet the specific purposes mandated by the grant award, but upgrade the entire institution. They create a spillover effect that touches every student, not only those in specially targeted populations.

Specifically, title III funds have allowed MUW to develop a writing/thinking skills lab to assist students in acquiring the superior writing abilities that are critical to postgraduate achievement. They have made possible the expansion of our noted Freshman Year Program, and supported the Center for Career Development and a Summer Preparation Program providing mentoring, modeling, and intensive counseling about academic and career choices.

Title III funds are helping our university meet an urgent national need by increasing the number of women completing academic success tracks in science and mathematics, through improved curriculum design and acquisition of state-of-the-art equipment and teaching aids. Our grant award will help the Division of Nursing redesign its curricula to include laboratory and clinical experiences featuring the latest advanced medical technology.

Staff in the Admissions Office, Registrar's Office, Assessment/Testing Center, Freshman Year Program, as well as counselors and faculty, have been trained to share information that will help the university intervene effectively on behalf of students experiencing academic difficulties. Special assessment and testing procedures have been developed to identify academic deficiencies, along with innovative teaching methods to correct them.

At MUW, the individual student is the focus of the entire institution. With the help of title III funds, we are linking our students with business people in the community, other talented students on campus, faculty, and nationally known role 'models. We are offering our students a multifaceted program of activity carefully designed to maximize their abilities to contribute to our nation's most pressing needs.

Title III funds are a vital part of fulfilling an institution-wide commitment to MUW's mission of providing all students a superior education, and of preparing young women in particular for success in all facets of their lives. At one of America's model colleges, title III funds are helping provide the margin of excellence.

Senator COCHRAN. Thank you, Dr. Rent, for being here and for contributing to the hearing.

I am glad you were able to tell us about the title III grant that was received by MUW and what you are doing with the money. It looks to me like you are really using it for a lot more and greater numbers of things than could possibly be expected for just $200,000. You have stretched it and are making it go a long, long way, so I congratulate you for your ingenuity in dealing with that.

Ms. RENT. Thank you very much. We have wonderful people at MUW. [Laughter.]

Senator COCHRAN. I guess this is the first time that you have ever applied for or received a title III grant, is that right? Do you know?

Ms. RENT. I honestly could not say. I know it has been a long time since we have gotten this size grant from the Federal Government, and indeed it has made a tremendous difference.

Senator COCHRAN. Should there be any special provision in title III or any other portion of the Higher Education Act that sort of

sets aside for women's colleges a special grant program? What is your reaction to that?

Ms. RENT. I think that is an excellent idea. By and large, we think from our position as being an institution, the first public college for women in America, and emphasizing the education of women, while offering quality education to everyone. Again, it is sort of like we are in a class all by ourselves, because you have the major institutions, you have the historically black colleges, but women typically are the minority that have not been included to the extent that obviously this Nation needs them to be included, so I concur with you and enthusiastically endorse an effort to do that. I think plan C does that with historically black colleges, and proposals for title III also include adding additional HBU's to the list of approved people.

Other things that could be done, for example, is to phase out the 5-year wait period for successful applicants. In other words, right now, if you are successful, then you have to wait, and that would be very helpful to all of us.

Also, he has already mentioned raising the limit or the bottom from $350,000 to $500,000, and I think that is very needed.

The other type of thing in those areas, too, are to fund programs—and this is not necessarily so related to the W's, but to all of the other institutions represented here—the TRIO programs, for example, only serve approximately 10 percent of the population and are, hands down, one of the most successful programs that the Nation has ever had, so we encourage that kind of staying with winners, more fully funding mechanisms and programs that we know work, and then creatively coming up with ones in which we are deficient, and certainly one of the areas would be in the area of supporting women, both at the undergraduate level and at the graduate level.

Senator COCHRAN. Dr. McMillan, I remember when I visited your campus on one of my trips, I participated in a fund-raising event to establish a student scholarship fund, and just as a matter of curiosity, I am wondering whether that program continues to exist. I think I was the first speaker at that event.

Mr. MCMILLAN. You were the first speaker, and this year they ran beyond the $100,000 goal with the endowment. They still put it into the endowment and the students raise the money each year, and they have gone beyond $100,000.

Senator COCHRAN. That is wonderful. So, you are doing that with an annual event?

Mr. MCMILLAN. It is an annual event and you can take credit for starting it all.

Senator COCHRAN. I am going to give you the credit, but I appreciate being included in that. That was several years ago now, I am guessing 10 years ago or 12 years ago.

Mr. MCMILLAN. Yes, Cyrana Longest was the one who really—she is getting her law degree this year.

Senator COCHRAN. That is right, the secretary of the student body, just for the record, so we will all know, the secretary of the student body was Cyrana Longest, and I met her that night and she came up with a group of students. You had a program of 5, 6 or 8 or so students to Washington for a 2-week program of enrich-

ment, and the members of the congressional delegation would sort of acquaint the students with how a congressional office would work.

The next summer, I offered Cyrana Longest a full-time summer job in my Washington, DC office, and then after she came to work full-time, finally decided to go back to law school. Now she is graduating from Ole Miss Law School now.

Mr. McMILLAN. Right.

Senator COCHRAN. That is exciting. Well, I congratulate her on that, and I hope you will convey my regards to her family, too, who live in Holly Springs.

In connection with the endowment thing, you mentioned that over the period of time you have built up the endowment at Rust to $12 million?

Mr. McMILLAN. $12.5 million.

Senator COCHRAN. That is very impressive. Do you feel that the incentive program—I think Dr. Sutton mentioned this, too, in his testimony—we ought to take another look at the way we match the funds in the endowment grant program, the challenge grant program. What is your reaction to that kind of change?

Mr. McMILLAN. Well, I think it would be extremely helpful. Two-for-one is much better than one-for-one. [Laughter.]

And the 5-year waiting period has hurt us. We were able to match both the first one, $250,000, and then we matched the second one, $500,000, but then we were getting ready to go for the $1 million, but they said we could not, because of the 5-year waiting period, we were not eligible, so I think eliminating that certainly would help institutions who continue to strive and do a better job. I do think the 2-for-1, though, would be much better.

Senator COCHRAN. Dr. McLemore talked about the graduate school perspective and the problem of attracting women and minorities to graduate schools, and it seems like we are doing more for foreign students, we have more foreign students in our own graduate programs than every before.

You know, one thing that is kind of a tribute to our higher education system is that students from all over the world are attracted to the United States for graduate study. We have the best graduate schools in the world, and I think that is what it says.

But you also identify a problem that we have got to address, and I do not know that there is any one magic answer to it, but we do need to do a better job of urging and providing incentives and encouragement for black students to go to graduate school. I do not understand why we are having that problem. If it is just money—is that it, do you think?

Mr. McLEMORE. Well, it is a combination of things. Obviously, in part it is money. It is in part, for minority students and especially black students so often think that they have to pay to go to graduate school, and you see most of us at this table did not pay out-of-pocket, unless it was unusual circumstances. We received a fellowship, an assistanceship of some kind never time to help us. The word has not gotten out, and it is part of so many of our students are still first-generation college, and to receive a job offer of $30,000 or more, with a B.A. degree, is not the incentive to go to graduate school.

Then what has happened, the international students have really filled the vacuum. In 1987 and 1989, 50 percent of the Ph.D.'s awarded in engineering were awarded to foreign students. Less than 10 American blacks received during that same period of time a Ph.D. in engineering, so we really have to deal with the cultural issue, we have to deal with the issues that these individuals talked about, but also we have to provide, Senator Cochran, in my judgment, some incentive and some disincentive for these major research universities that are producing the Ph.D.'s. We need to award points to the schools that produce X number of women and minority Ph.D.'s, and those institutions that are major research universities that simply do not award Ph.D.'s to a certain number of women and minorities, we should subtract some points from them.

We should essentially say we are not going to award you all of these funds, if you are not graduating women and minorities. The bottom line would mean clearly is we look at the graduation rates in this country, at African-Americans, where they get their degrees from. It seems to me that out of that basic logic that we really have to provide funding for graduate education.

What we have done, we have awarded moneys, as Dr. McMillan pointed out, for certain professional degree programs, but the Ph.D. granting programs, the ones that we have do not have the same incentive and we need to provide that incentive, so we can graduate women and minorities with Ph.D. degrees, so they can go into teaching and do the other things that we need to become and to maintain our international competition, and right now we are losing out.

Senator COCHRAN. I wonder whether Jackson State University or Jackson State students have received assistance for graduate study under title IV programs, such as the Patricia Robert Harris program, and does Jackson State receive any other grants, such as the grant to encourage minority participation in graduate education?

Mr. MCLEMORE. We received the Patricia Robert Harris. In fact, the last 2 years, we have done fairly well. Jackson State is the exception, one of the few exceptions in the HBCU community in this country that has done fairly well with Patricia Robert Harris. We received a minority participation graduate grant last year, and that is going to be implemented this summer. The latter one, Senator Cochran, is small change.

Senator COCHRAN. Really?

Mr. MCLEMORE. It is very small change, and what has happened is that, again, the major research universities have taken advantage of this program, because they can provide the matching funds that most of the HBCU's and small universities cannot provide, so it really is a Catch 22.

Senator COCHRAN. The deck is stacked against you on that one, then.

Mr. MCLEMORE. From the very beginning, and that penalizes those institutions that really have a real interest in graduating women and minorities.

Senator COCHRAN. Dr. Sutton, the endowment grant funds were something you talked about in your statement. Obviously, they help you encourage contributions from your alumni and friends to

the institution. Is there any other source of funding that you have found to help you build up an endowment? Do foundations provide assistance to MVSU?

Mr. SUTTON. There are a number of foundations, but most of them do not think of providing funds for endowments for public institutions. Most of the foundations seem to think that they only need endowment fund contributions to private schools. That is far from the truth.

In fact, I went to see one of our leading bankers here in the State, and he happened to sit on the board of this institution, Millsaps, and he, as well educated and as well off as he is economically and economic thinking, he was of the impression that the State schools did not really need any endowment kinds of support, they got support from the State. Of course, I had to inform him that we get about one-third of our budget from the State and that we get the rest, the other two-thirds from student tuition and fees, much of which does come from the Federal Government, and then, of course, a variety of other sources. It is very tough for public institutions to get money from foundations and corporations for endowment funds.

Senator COCHRAN. The Pell Grant and other programs, I know this is not part of your panel's main focus, we were interested in looking at title III and some of the other titles, but I would assume that most of your students do receive Pell Grant funds?

Mr. SUTTON. Yes, that is correct. In fact, we have 98 percent of our students on some form of financial aid, and more than 85 percent of them qualify for Pell.

Senator COCHRAN. I think that is certainly a strong comment and piece of evidence about the importance of continuation of the Pell Grant program, as far as our Mississippi colleges and universities are concerned.

Mr. SUTTON. Being the senior Senator from Mississippi, I am sure you are aware of the status of Mississippi in the overall scheme of economics of the country, but we are in the poorest section of the poorest State, which makes it doubly important that we have these programs.

Senator COCHRAN. I want to ask Dr. Waters, how has the cutback in State funding affected Alcorn State University? Have you suffered as a result of the budget cuts in the State?

Mr. WATERS. Indeed, we have. We have had to cut back on staff, we had to cut salaries. We have not had to do that this year, but we are right in the process now of making budgets for next year, and we are going to have to eliminate some people, we think, as a result of that.

Senator COCHRAN. One of our universities, I was in touch with a former faculty member the other day, just asking general questions about how things were on the campus, and he said that faculty salaries have been frozen for 3 years in a row, and that morale was at an all-time low.

Mr. WATERS We have the same problem.

Mr. SUTTON. Since 1988, since the last raise for higher education faculty, some of the K through 12 did get a raise, some of the community colleges did since then, but in the 4-year and above colleges, it has been since 1988 since we have had a faculty raise.

Senator COCHRAN. I saw a newspaper article the other day about even the 2-year colleges are going to have to come up with tuition increases, and I suppose that all of the colleges and universities represented by this panel will have to raise tuition?

Mr. SUTTON. Our college board voted at the meeting in April to have an average of 10 percent, but it is as much as 17 percent for two schools, 15 percent for three, and the other three it is 10 percent, so that will give you some idea of it.

Senator COCHRAN. Another reason why we have to seriously consider increasing the base for the Federal student assistance programs, too, to raise the basic level.

Well, your testimony has been very helpful and I want you to know that I genuinely appreciate your being here. I know you are busy with lots of things and working on budgets and it comes at a tough time of year for you, final exams going on. Aren't you glad you do not have to take them, though?

Mr. SUTTON. I do not know, building this budget is just about like taking a final exam. [Laughter.]

Senator COCHRAN. Well, you are all very good to be here. I really do appreciate it and I thank you most sincerely.

Senator COCHRAN. Our next panel is going to help us figure out how to simplify the loan and grant application proces.. This is something Dr. McMillan mentioned, and our panel number 5 will include Dr. Jim Flippin, who is assistant commissioner of the Mississippi Institutions of Higher Learning, Mississippi Guaranteed Student Loan Agency; Dr. Tom Prather, who is director of student financial assistance at Mississippi College; and Dr. Thomas Hood, director, student financial assistance at the University of Mississippi.

This panel will help us understand better the loan and grant process. Simplifying the process is our goal. All of the witnesses we hope will help us with remarks on streamlining the process for parents, students and institutions.

We have copies of your prepared testimony and statements. We thank you for giving us those in advance, and we hope you will make summary comments or whatever presentation orally you would like to, so we can then have an opportunity to discuss the issues that you raise.

Let us start with Jim Flippin.

STATEMENTS OF DR. JAMES L. FLIPPIN, ASSISTANT COMMISSIONER, MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING, MISSISSIPPI GUARANTEED STUDENT LOAN AGENCY; DR. TOM PRATHER, DIRECTOR, STUDENT FINANCIAL ASSISTANCE, MISSISSIPPI COLLEGE; AND THOMAS G. HOOD, DIRECTOR, STUDENT FINANCIAL ASSISTANCE, UNIVERSITY OF MISSISSIPPI

Dr. FLIPPIN. Thank you, Senator Cochran and Mrs. Dixon. Welcome home to Mississippi.

Senator COCHRAN. Thank you.

Mr. FLIPPIN. My name is Jim Flippin, and I am assistant commissioner for student financial assistance and director of the Guarantee Student Loan Agency, as you mentioned. I am also a member

of the Congressional Advisory Committee on Student Financial Assistance. Again, thank you for the opportunity.

Today, I am here to discuss several recommendations that deal with simplification of the delivery of student financial aid. I believe that, in spite of the important changes legislated by Congress in 1986, the entire delivery system has remained overly complex, and that this complexity frustrates and discourages both low- and middle-income students and families.

Let me use a couple of examples to illustrate how students and parents, especially low-income disadvantaged and minority population view the delivery system that we have placed in their path.

The vast majority of our neediest college-bound youth, those whom our programs are in large part designed and those with the lowest income and virtually no assets, many of whom are on public assistance, are currently required to complete overly-complex forms designed to assess the need of the wealthiest families in our country.

It is our standard practice also to allow them to be charged a fee, basically to prove that they are poor.

We currently assess the eligibility and need of our most disadvantaged youth and families under four separate need analysis models, even though for the vast majority the results are virtually the same. That is, each of the models simply tells us what we already should know, and that these students and families are very poor.

We not only do this the first time they apply for student financial aid, but we make them do it again. Those that are struggling to persist start from scratch each year, even the millions for whom circumstances have not changed appreciably. By the way, we charge most of them yet another fee every time they apply.

For youth from families who are but slightly better off, whose circumstances also beg for a streamlined form—and this includes many middle-income families—we routinely collect asset information, even though models have shown us for years that their assets—primarily in the form of small amounts of home equity—are not readily available for postsecondary expenses, nor do they meaningfully contribute to the family's ability to pay.

One of the most important for this population, the one that is the most at risk—the low-income population, disadvantaged and minority students and middle school and early high school—the message we send about the programs we have designed with their future in mind is complex, ambiguous and often plainly incorrect. Rather than speak to these students and families with a clear unified and simple message about their considerable drawing power on Federal, State and institutional programs, if they successfully complete a college preparatory curriculum in high school, we allow confusion and misinformation to prevail.

Mr. Chairman, these are not random or far-fetched examples. They are regular events that literally define our delivery system in the eyes of students and parents across our Nation. They happen in the majority of cases in virtually all States and on virtually all campuses. They serve no educational purpose, and potentially undermine the effectiveness of our programs by discouraging students

and families already beleaguered by the economic and social changes occurring in this decade.

Fortunately, the worst aspects of Federal delivery can be eliminated during this reauthorization process. We can use our technology and our existing knowledge to simplify the next logical steps that were begun by the Congress in 1986.

I think earlier today, Dr. Cleere spoke to you about a program called Project '95. One of the components of this program was to go out into the communities, after an awareness campaign in the community, provide assistance to families filling out student financial aid forms. This has been sponsored by Project '95 for the past 2 years. The first year, 4 sites were chosen and 138 students and their families were assisted in filing these forms. This past year, 5 sites were chosen and 275 students and families were assisted.

The component that ultimately made this Project '95 concept successful, aside from the importance of several groups working together, was the willingness of the practicing student aid administrators to give of their time, expertise, fee of charge, on the weekend and at night, to assist families in filling out these forms.

The aid administrators with me today on this panel assisted in this project and provided other staff to assist with this project, as well. With all the good that this has accomplished in the unselfishness giving of their time to this project, this is a clear demonstration that forms are too complicated, if the expert from the student financial aid office has to go out into the field to assist in completing the forms, to start the application process.

College presidents, financial aid directors, educational association executives, bank officers, guarantee agency directors, State higher education officials, and, most importantly, students are convinced that the delivery system can be made simpler and more effective.

However, we must proceed with some caution. As a member of the Congressional Advisory Committee, we had the opportunity to review many proposals to modify the delivery system. Quite frankly, while perhaps well-intentioned, some of these proposals were very troublesome and would be very counterproductive. Let me give you a couple of examples.

Elimination of the free Federal processing by the MDE processors, that is, simply doing away with the system called for by Congress and begun by the Department of Education in 1991-92.

Formulating and testing and implementing a brand new analysis model, adding new complicated offsets to already existing models.

Wholesale exemption of certain subpopulations from submitting even the most basic data, this threatens the reliability and the validity of Federal data bases.

Allowing institutions to experiment with and develop noncommon forms, potentially this leads to hundreds of different approaches, rather than a simple common approach.

Another misconception is reducing the number of MDE's, without requiring them to delivery the free Federal processing. Currently, less than 2 percent of students filing through the MDE's multidata entry identities who charge a fee are using free Federal need analysis.

Such approaches are not advisable and will increase complexity.

Mr. Chairman, I believe that the Congress can significantly simplify and improve the delivery of Federal student financial aid by taking the following actions:

Fully implement the free simple Federal need analysis intended by Congress, by creating incentives or requirements for States and institutions to use it.

Further simplify requirements for students eligible for simplified need analysis, in particular, those who have family incomes of less than $10,000, or are AFDC recipients.

Integrate the Pell and the Congressional Methodology models into one model, with a simple needs test by using one formula as a foundation, one or the other, but use one.

Extend eligibility for simplified need analysis to at least $20,000, and perhaps even to $30,000 adjusted gross income, thereby eliminating the need for many middle-income families with only modest assets to report them.

Restructure Federal information dissemination and outreach to simply and clearly communicate the amount of financial aid that at-risk students will qualify for, if they finish college preparatory high school programs, especially in delivering this with established agencies like Trio and Upwards Bound.

Redesign and expand Federal training efforts, so that every Federal, State and institutional agent in the delivery system understands and can communicate our promise on the assistance to needy families. This can be especially effective at high school and junior high counselor level.

It was proven in 1976, 1977, 1978, 1979 and 1980 with what used to be called the old basic grant training program, the student financial assistance training program in Washington.

Senator, I am convinced that these changes are needed to fully realize the goals of the Federal student aid programs, especially equal access by the year 2000.

Thank you for the opportunity to present them, and I will be pleased to answer your questions.

[The prepared statement of Mr. Flippin follows:]

PREPARED STATEMENT OF MR. FLIPPIN

Senator Cochran, staff, ladies and gentlemen. My name is Jim Flippin and I am Assistant Commissioner for Student Financial Assistance and director of the Mississippi Guarantee Student Loan Agency. I am also a member of the Congressional Advisory Committee on Student Financial Assistance. I would like to thank you for the opportunity to present recommendations on simplification as they affect reauthorization of the Higher Education Act.

At Congress' request the Advisory Committee on Student Financial Aid delivered to the Congress on April 8, 1991, its reauthorization recommendations in the form of an overview report and legislative language implementing each proposal. Briefly, those recommendations fall into three broad areas:

—promoting equal access to postsecondary education;
—integrating and simplifying models, forms and processes used to deliver federal student aid; and
—enhancing the ability of Congress and the Department to address critical policy issues facing the Title IV Programs.

Today, I am here to discuss several recommendations that deal directly with simplifying the delivery of federal student aid.

I believe that, in spite of important changes legislated by the Congress in 1986, the entire delivery system has remained overly complex; and that this complexity frustrates and discourages both low- and middle-income students and parents.

DEFINING THE PROBLEM

Let me use some examples to illustrate how students and parents—especially low-income, disadvantaged and minority populations—view the delivery system that we have placed in their paths.

First, the vast majority of our neediest college bound youth-those for whom our programs are in large part designed and those with the lowest income and virtually no assets-many of whom are on public assistance—are currently required to complete overly complex forms designed to assess the need of the wealthiest families in our country. It is our standard practice, also, to allow them to be charged a fee, basically to prove they are poor.

Second, we currently assess the 'eligibility and need of our most disadvantaged youth and families under four separate need analysis models—even though for the vast majority, the four results are virtually the same. That is, each of the models simply tells us what we should have already known—that these students and families are very poor.

Third, we not only do this the first time they apply for federal student aid, we make those already in school, struggling to persist, start from scratch each year with a blank form-even the millions for whom circumstances have not changed appreciably. And by the way, we charge most of them yet another fee every time they apply.

Fourth, for youth from families, who are but slightly better off, whose circumstances also beg for a streamlined form—and this includes many middle-income families—we routinely collect asset information even though models have shown us for years that their assets—primarily in the form of small amounts of home equity—are not readily available for postsecondary expenses nor do they meaningfully contribute to the families' ability to pay.

Fifth, and perhaps most important, for the population most at risk—low-income, disadvantaged and minority students in middle school and early high school—the message we send about the programs we have designed with their future in mind, is complex, ambiguous and often plainly incorrect. Rather than speak to these students and families with a clear, unified, and simple message about their considerable drawing power on federal, state and institutional programs if they successfully complete a college preparatory curriculum in high school, we allow confusion and misinformation to prevail.

Senator Cochran, these are not random or far fetched examples designed to persuade you that our delivery system needs some fine tuning. These are regular events that literally define our delivery system in the eyes of students and parents across our nation. They happen in the majority of cases in virtually all states and on virtually all campuses. They serve no educational purpose and potentially undermine the effectiveness of our programs by discouraging students and families already beleaguered by the economic and social changes occurring in this decade. Fortunately, the worst aspects of federal delivery can be eliminated during this reauthorization. All we need do—motivated by our common interest in the educational well-being of our youth and our shared desire that they and their families make sound decisions—is use existing knowledge and technology to simply take the next logical steps in a process begun by the Congress in 1986.

I think earlier today, Dr. Cleere spoke to you about a program called "Project 95". One of the components of this program was to go out into the communities, after an awareness campaign and provide assistance to families in completing student financial aid forms. This has been sponsored by "Project 95" for the past 2 years. The first year four sites were chosen and 138 students were assisted. This past year five sites were chosen and 275 students were assisted.

The component that ultimately made this part of "Project 95" successful, aside from the importance of several groups working together, was the willingness of the practicing student financial aid administrators to give of their time and expertise, free of charge, on the weekend, at night, to assist families in filing these forms. The aid administrators with me on this panel today assisted in this project and provided other staff to assist as well.

With all the good that this has accomplished and the unselfishness giving of their time to this project, this is a clear demonstration that forms are too complicated, if the experts from the student financial aid offices have to go out into the field to assist in filling out the forms to start the application process.

PROCEEDING WITH CAUTION

Senator Cochran,—college presidents, financial aid directors, educational association executives, bank officers, guarantee agency directors, state higher education of-

ficials, and students—are convinced that the delivery system can be made simpler and more effective. However, we must proceed with some caution. We should be careful to build on what is already in the law and avoid making changes that will in fact increase complexity.

As a member of the Congressional Advisory Committee, we had the opportunity to review many proposals to modify the delivery system. Quite frankly, while perhaps well intentioned, some of these proposals were very troublesome and would be very counterproductive. Let me give you some examples:

—Elimination of free federal processing by MDE processors; that is, simply doing away with the system called for by the Congress and begun by ED in 1991-92. In the committee's view this would be a terrible mistake.

—Formulating, testing and implementing a brand new need analysis model, adding new complicated offsets or allowances to existing models, or changing terminology; it's hard to see how such changes won't create more confusion throughout the process.

—Wholesale exemption of certain subpopulations from submitting even the most basic data; this threatens the reliability and validity of federal data bases; and it is unlikely that states and institutions will accept such blanket exemptions.

—Allowing institutions to experiment with and develop non-common forms; potentially, this leads to hundreds of different approaches rather than a simple common approach.

—Reducing the number of MDE's without requiring them to deliver free federal processing; currently less than 2 percent of students filing through MDE's who charge a fee are using free federal need analysis.

Such approaches are not advisable and will increase complexity,decrease the effectiveness of our delivery system, increase fees to students, and undermine equal access.

RECOMMENDATIONS

Senator Cochran, I believe the Congress can significantly simplify and improve the delivery of federal student aid by taking the following actions:

—First, and most important, fully implement the free simple federal need analysis intended by Congress by creating incentives or requirements for states and institutions to use it. Without this step, the committee feels that little progress can be made toward simplification.

—Further simplify requirements for students eligible for simplified need analysis; in particular, those who

—have family income below $10,000; and/or

—are AFDC recipients.

—Integrate the Pell and Congressional Methodology models into one model with a simple-needs test by using one of the formulas as a foundation.

—Initiate a pilot project using (Stage Zero) electronic data exchange and develop other procedures for streamlining reapplication so that both low-and middle-income students already in our system and data base can reapply simply and quickly.

—Extend eligibility for simplified need analysis to at least $20,000; and perhaps further to $30,000 AGI thereby eliminating the need for many middle-income families with only modest assets to report them.

—Restructure federal information dissemination and outreach to simply and clearly communicate the amount of financial aid that at-risk students will qualify for if they finish college preparatory high school programs, especially with established agencies like Trio and Upward Bound.

—Redesign and expand federal training efforts so that every federal, state and institutional agent in the delivery system understands and can communicate our promise of assistance to needy families. This can be especially effective at the high school and junior high school counselor level.

Senator Cochran, I am convinced that these changes are needed to fully realize the goals of the federal student aid programs especially equal access by the year 2000. Thank you for this opportunity to present them. I will be pleased to address any questions you might have.

Senator COCHRAN. Thank you very much, Dr. Flippin. You have been very helpful to us, and we appreciate that very much, and being here today adds to that assistance and the contribution that you are making to the process.

We will now hear from Tom Prather. Dr. Prather is president of the Mississippi Association of Student Financial Aid Administrators, and he is also in his spare time director of financial aid at Mississippi College.

Mr. PRATHER. Thank you, Senator Cochran. It is a pleasure to be here. On a personal note, I also want to thank you for the time that Doris Dixon has spent with us in Mississippi, attending our State associations. We have not had a chance to thank you personally for that, but she has been a great influence and assistance to us at our State meetings, and we welcome her any time.

Senator COCHRAN. Thank you.

Mr. PRATHER. I am pleased to come before you today to offer testimony related to the loans and grants and simplifying the process for parents, students and institutions in relation to the reauthorization of the Higher Education Act of 1965.

My comments and thoughts today are shared with you from two viewpoints: First, in my role as president of the Mississippi Association of Student Financial Aid Administrators, and then from my role as director of student financial aid at Mississippi College.

In beginning, let me say that my thoughts related to my position of the Mississippi Association of Student Financial Aid Administrators are not necessarily those of the association, but are, rather, observations that I have noted concerning research that has been done within our association.

Also, some comments I will share with you are related to my connection with studies done by the Southern Association of Student Financial Aid Administrators, a 9-State Southeast association, and from research conducted by the National Association of Student Financial Aid Administrators.

In the summer and fall of 1990, our State association formed a special task force to study the preliminary reauthorization recommendations produced by the task force of NASFAA. NASFAA's task force solicited comments and views from student financial aid administrators throughout the country. From this feedback, 78 specific recommendations were produced, and the major topics were grants to students, loans, college work-study, income-contingent loans, Perkins loans, need analysis, and then general provisions.

In addition to these, the Mississippi task force added an additional 23 recommendations for consideration.

To me, it is interesting to note that, of the 78 specific recommendations chosen by the NASFAA national task force, only 3 are connected to the actual system of processing student aid, and these 3 recommendations were:

Eliminate the central processor and the student aid report, of which the Mississippi association agrees; to delete the reference specifying that no student or parent of a student shall be charged a fee for processing an approved nonFederal application form, and the Mississippi association agrees with that; reduce from not less than 5 to not less than 2 the number of processors with which the Secretary shall enter into agreements for application processing, and the Mississippi association had mixed opinion about that one, but the majority disagrees with that.

Of the 23 additional Mississippi research questions, one called attention to processing, and that is the core application should

permit selection of up to 4 institutions in which the needs analysis results can be transmitted, and the Mississippi association agreed with that.

In a Southern Association of Student Financial Aid Administrators questionnaire, published in December of 1990 concerning reauthorization, several major aspects of student aid are reviewed, and those four were campus-based issues, loans, need analysis, and general provisions.

This questionnaire involved 108 questions, with the majority centering on student loans. While some of the questions overlapped with the previous-mentioned survey, 7 of the 108 questions can be directly related to the actual processing of loans or grants. I am not going to go through those 7, since we do have them for the record at this time.

As previously mentioned, concerning NASFAA's survey, when comments were received from across the Nation, two sections that deal with the processing system in which many comments were received are related to the "duties of contractors, including a central processor, in calculating awards," and the section concerning forms and regulations.

As I reviewed specific comments by financial aid administrators, many called for the elimination of the central processor and the authorization of MDE's to be full-service processors. Many opinions stated their belief of the central processor to be a duplication of efforts and costly to taxpayers.

At this point, I would like to move to more personal observations from my role as financial aid director concerning this process.

Mississippi College is a private denominational school,, with the oldest degree-granting institution in the State. Currently, we have approximately 3,800 students enrolled, which includes our law school of over 300 students. This year, we will process approximately $1.3 million in Pell Grants for 866 undergraduates. For undergraduates and graduates, our Stafford loan amount is $3,892,355 for 1,209 students. Our PLUS loan amount is $412,665 for 117 parents, and our supplemental loans totaling $471,308 for 151 students. These amounts, which do not include our law student loans, total $4,776,328.

As we study accessibility for students and parents to grants and loans, we are reminded that our goal is delivery of aid to the student, to enable the student to pursue his or her educational objectives. The process of determining need through needs analysis is common to grants and loans. Technical aspects of both programs, delivery of the student aid report, verification, completion of loan applications and delivery to lenders, are accepted as a responsibility of this delivery to the student.

At MC, we are well aware of the various methods by which students can apply for grants and loans. All of the 5 approved MDE's are available, plus the availability of the Federal form. All 6 methods offer different services to the institution, but strive to achieve the same result for the student. We chose a particular MDE service, because we felt and we are convinced that, for our students, we can assist them better in delivering aid to them by so doing. It is an MDE which a fee is required.

Two weeks ago, in an office staff meeting, I asked the question: Do you feel there is a more serious problem with the application and processing of aid to students, or do you feel there is a more serious problem with students' eligibility for aid? All 6 staff members answered the eligibility of aid.

I firmly believe that, in our financial aid offices, that most have accepted the challenge to be flexible and work with whatever we have to in helping students receive aid. All institutions are different and certainly what meet one's need will not meet another's.

In my opinion, I agree with so many others in that streamlining coordination should take first with the review of the first with the review of the role of the central processor and the strict coordination of the role of the MDE's. I do not believe the answer is with one free form, since at the current time all MDE's offer the Federal core free.

The authority to allow MDE's to be full-service processors, with the central processor possibly serving as a national data base, would certainly supply and simplify the process for students, parents and institutions. Institutions dedicated to serving students could choose the most efficient way for them to assist students.

In a closing comment, I must relate to you that, although there is room for improvement and probably always will be with the loan and grant process, personally, I think we have a far more serious issue in delivering aid, and that is the eligibility of students to receive title IV funds. Congressional methodology must be reviewed in some key areas, and I have some mentioned there, but I will not go into them at this time.

I want to thank you for this opportunity and I welcome any questions.

[The prepared statement of Mr. Prather follows:]

PREPARED STATEMENT OF MR. PRATHER

Good afternoon, Senator Cochran and members of the committee. I am pleased to come before you today to offer testimony related to "Loans and Grants—Simplifying the Process for Parents, Students and Institutions" in relation to Reauthorization of the Higher Education Act of 1965.

My comments and thoughts today are shared with you from two viewpoints. First, in my role as president of the Mississippi Association of Student Financial Aid Administrators and then from my role as director of student financial aid at Mississippi College.

In beginning, let me say that my thoughts related to my position of the Mississippi Association of Student Financial Aid Administrators are not necessarily those of the Association, but rather are observations that I have noted concerning research that has been done within our association. Also, some comments I will share with you are related to my connection with studies done by the Southern Association of Student Financial Aid Administrators, a nine state association and from research conducted by the National Association of Student Financial Aid Administrators.

In the summer and fall of 1990, our state association formed a special task force to study the Preliminary Reauthorization Recommendations produced by the Task Force of NASFAA. NASFAA's task force solicited comments and views from student financial aid administrators throughout the country. From this feedback, seventy-eight (78) specific recommendations were produced. The major topics were:

A. Grants to Students
   1. Pell
   2. SEOG
   3. SSIG
   4. Scholarships
B. Loans—Stafford, PLUS, SLS

C. College Work Study
D. Income Contingent Loans
E. Perkins Loan
F. Need Analysis
G. General Provisions

In addition to these, the Mississippi Task Force added an additional twenty-three (23) recommendations for consideration.

To me it is interesting to note that of the seventy-eight specific recommendations chosen by the MASFAA Task Force, only three are connected to the actual system of processing student aid. These three recommendations were:

1. Eliminate the central processor and the Student Aid Report (MASFAA agrees)
2. To delete the reference specifying that no student or parent of a student shall be charged a fee for processing an approved non-federal application form. (MASFAA agrees)
3. Reduce from not less than five (5) to not less than two (2) the number of the processors with which the Secretary shall enter into agreements for application processing. (MASFAA Mixed opinion—majority disagrees)

Of the twenty-three additional Mississippi research questions one called attention to processing.

1. The core application should permit selection of up to four institutions to which the need analysis results can be transmitted. (MASFAA Agrees)

In a SASFAA (Southern Association of Student Financial Aid Administrators) questionnaire published December 1990, concerning reauthorization again several major aspects of student aid are reviewed:

1. Campus Based Issues
2. Loans
3. Need Analysis
4. General Provisions

This questionnaire involved 108 questions with the majority centering on student loans. While some of the questions overlapped with the previously mentioned survey, seven of the 108 questions can be directly related to the actual processing of loans or grants. These seven are:

1. Credit checks should be required for PLUS borrowers.
2. All application forms and procedures for part B loans should be standardized among all lenders and guaranty agencies to simplify administration of these programs.
3. The need analysis application forms and output should be in a standardized format.
4. The school should receive a copy of the student's needs analysis results and be allowed to make actual payment of the Pell Grant without requiring a special form (Student Aid Report).
5. The number of MDE processors that must be approved by USDE should be not less than "3".
6. Only one standard, free need analysis form should be available by the Federal Government, and the requirement that all forms have a free option should be eliminated.
7. The Central Processor should be required to perform a match of students' social security numbers with the Social Security Administration's data base to verify social security numbers on aid applications.

As previously mentioned, concerning NASFAA's survey when comments were received from across the nation, two sections that deal with the processing system in which many comments were received are related to the "duties of contractors, including a central processor, in calculating awards" and the section concerning forms and regulations.

As I reviewed specific comments by financial aid administrators, many called for the elimination of the Central Processor and the authorization of MDE's to be full service processors. Many opinions stated their belief of the Central processor to be a duplication of efforts and costly to taxpayers.

At this point I would like to move to more personal observations from my role as a financial aid director concerning this process and the summarize my viewpoints.

Mississippi College is a private denominational school. We are the oldest degree granting institution in the state. Currently, we have enrolled approximately 3,800 students, which includes our law school of over 300 students. This year we will proc-

ess approximately $1.3 million in Pell Grants for 866 undergraduates. For undergraduates and graduates our Stafford loan amount is $3,892,355 for 1,209 students, our PLUS loan $412,665 for 117 parents and our Supplemental loans totaling $471,308 for 151 students. These amounts, which do not include law student loans, total $4,776,328.00.

As we study accessibility for students and parents to grants and loans, we are reminded that our goal is delivery of aid to the student, to enable the student to pursue his or her educational objectives. The process of determining need through needs analysis is common to grants and loans, technical aspects of both programs—delivery of the Student aid Report, Verification, completion of loan applications, and delivery to lenders—are accepted as a responsibility of this delivery to the student.

At MC, we are well aware of the various methods by which students can apply for grants and loans. All of the five approved MDE's are available plus the availability of the federal form. All six methods offer different services to the institution but strive to achieve the same result for the student. We chose a particular MDE service because we felt and are convinced that for our students we can assist them better in delivering aid to them by so doing. It is a MDE which a fee is required.

Two weeks ago in an office staff meeting, I asked the question "Do you feel there is a more serious problem with the application and processing of aid to students or do you feel there is a more serious problem with students eligibility for aid?" All six staff members answered the eligibility of aid.

I firmly believe that in our financial aid offices that most have accepted the challenge to be flexible and work with whatever we have to in helping students receive aid. All institutions are different and certainly what meets one's need will not meet anothers. In my opinion, I agree with so many others in that streamlining and coordination should take first with the review of the role of the Central Processor and the strict coordination of the role of the MDE's. I do not believe the answer is with one free form since at the current time all MDE's offer the federal core free. The authority to allow MDE's to be full service processors with the Central Processor possibly serving as a national data base would certainly supply the process for students, parents and institutions. Institutions dedicated to serving students could choose the most efficient way for them to assist students.

In a closing comment, I must relate to you that although there is room for improvement and probably always will be with the loan and grant process, personally I think we have a far more serious issue in delivering aid. That is the eligibility of students to receive title IV funds. Congressional methodology must be reviewed in some key areas. A few are:

1. High taxation rate of dependent student's income
2. Independent Student Definition and high taxation of single independent students
3. Inclusion of Home Equity in the Methdology

While these are only mentioned as examples, I firmly believe that the concern is just as great across our land to have possible unfair components in needs analysis computations removed to provide an avenue for students to pursue educational goals.

I thank you for the opportunity to share those thoughts with you today.

Senator COCHRAN. Thank you, Dr. Prather, for your participation and your excellent perspective, as president of the Mississippi Association of Student Financial Aid Officers.

I am glad we have Dr. Thomas Hood also with us today. Dr. Hood was in Washington recently testifying at a hearing there on this subject, simplification of the forms and the process, and it is good to get a chance to personally hear your testimony today. I got to that hearing just as it was concluding. We had a lot of other things going on that day.

That is one of the reasons I like to come back and have hearings in Mississippi, you can really concentrate your attention on one subject for a long period of time, compared with the reality of the hearing process in Washington, which requires you in many situations to be two and three different places almost at once. It is not a very neat way of proceeding with a hearing.

Dr. Hood, we are glad to have you here today. Dr. Hood is director of student financial aid at the University of Mississippi.

Mr. HOOD. Mr. Chairman and Ms. Dixon, thank you for the opportunity to appear today to comment on simplification of the student financial aid application process.

Efforts to reduce the general complexity of the application and delivery process have not achieved their anticipated success. In fact, today just the reverse is true. My written testimony has accompanied with it a number of financial aid applications, which are intended to accomplish the same purpose. However, the differences in the forms alone have led to much confusion, and literally has disenfranchised high school counselors.

At the University of Mississippi, we have chosen to accept whatever form the student has opted to use. Even in our flexible setting, parents and students still find the system to be overwhelming and, in many cases, extremely confusing.

Recently, a mother of a student at the University of Mississippi wrote to us and stated that, "Last Thursday, I received all of these confusing papers in the mail." The materials in her case is so unclear, that she has not referred to them as the results of her financial aid application. She goes on to say, "I have filled out both groups of papers for the last 3 years, following the instructions of a high school guidance counselor 3 years ago. Are they all necessary?"

On several occasions, I have had conversations with high school counselors who have become so frustrated with the process that they become aggravated with the people in the financial aid office, whose purpose it is to serve the student. The form design itself is part of the current problem.

The financial aid community was not in favor and advised against the Department of Education's preferred approach. The department wanted to stop about half-way into the form and have students sign the application, and then proceed only if they were instructed to do so.

The department went ahead and implemented their preferred form.

At this point, we continue to have problem resulting from an application that is signed by an applicant before it is completed. The reason for stopping half-way into the form was to prevent applicants from completing information needlessly, if they did not qualify for the simple need analysis. What we have found out, though, is that many applicants qualify for this approach, and it sometimes leads to a disadvantage to the neediest applicants by calculating an expected contribution which is higher than it would have been, if they had completed the entire form.

It is safe to say that the entire financial aid community supports a process which is understandable to the student and also meets the institution's need to collect important data to determine eligibility. Currently, there are 5 multiple-data entry processors which are licensed to gather information for schools and the Pell Grant program, and just a few years ago there were 3.

Because the Pell Grant program is linked to this application, the process increases in complexity. The Department of Education contracts with a separate organization, using a Pell Grant methodolo-

gy to determine eligibility for the Pell Grant. This step further complicates this system and provides a student output which enhances confusion.

When the student fills out all forms except the application for Federal student aid, the information is sent directly to the school. The student also receives in the Pell grant student aid report. In many instances, this is the significant point where confusion is initiated.

It is generally recommended that we eliminate the student aid report and allow processing of Pell Grant eligibility to take place on campuses, through information which is made directly available to the institution by the central processor or multiple-data entry processors. This improvement would be a major step in reducing much of the confusion and complexity in the process.

Another area which continues to provide an element of confusion in the application process is the Stafford student loan applications. Each State has developed a form unique to their particular agencies. Without commonality in the form, institutions like the University of Mississippi have a great deal of difficulty in assuring the accurate completion of the application, with data elements not commonly formatted.

Again, with my written testimony, I have provided a number of applications from other States, in an effort to give you an example of the point I have just made.

The first step in the development of a simplified process might include some of the recommendations made with this testimony. It is my home that as the process has become more complicated, no students with a potential to benefit from a postsecondary education have been discouraged from applying.

We are ready to work together with the Federal Government to enhance opportunities to make available postsecondary educational experiences for the citizens of this Nation.

I will close with a quote by Horace Mann, from his speech on "The Necessity of Education in Republican Government" in 1839, which serves as a challenge to all of us. Horace Mann said, "Legislators and rulers are responsible. In our country and in our times, no man is worthy of the honored name of a statesman who does not include the highest practicable education of the people in all his plans of administration."

Thank you, and I will be pleased to answer any questions you may have.

[The prepared statement of Mr. Hood (with attachments) follows:]

Prepared Statement of Mr. Hood

Mr. Chairman, Members of the Subcommittee: Thank you for the opportunity to appear today to comment on simplification of the student financial aid application process. The positive results of student financial assistance programs continue to support the ongoing federal effort to provide funding for those who demonstrate financial need in pursuit of post secondary education. However, efforts to reduce the general complexity of the application and delivery process have not achieved their anticipated success. In fact today just the reverse is true.

My written testimony has accompanied with it a number of financial aid applications which are intended to accomplish the same purpose. However, the differences in the forms alone have led to much confusion and literally has disenfranchised high school counselors.

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Some of the problems which have been encountered may even be a result of institutions of higher learning explicitly choosing to go with one form in an effort to simplify the process. Students then must use more than one application if they are applying to more than one institution. At the University of Mississippi we have chosen to accept whatever form the student has opted to use. Even in our flexible setting parents still find the system to be overwhelming and, in many cases, extremely confusing. Recently the mother of a student at the University of Mississippi wrote to us and stated that "Last Thursday I received all of these confusing papers in the mail." The material in her case is so unclear she has not referred to it as the results of her financial aid application. She goes on to say "I have filled out both groups of papers for the last three years, following the instructions of our high school guidance counselor of three years ago. Are they all necessary?" On several occasions I have had conversations with high school counselors who have become so frustrated with the process that they have become aggravated with the people in the financial aid office whose purpose it is to serve the student. When I told one high school counselor that the student could use whatever form he or she desired, the counselor refused to believe me.

The form design itself is part of the current problem. With my written testimony I have submitted copies of letters I wrote on March 6 and 21, 1989, to the Department of Education. These letters commented on the department's plan to simplify and make uniform all financial aid applications. However, the financial aid community was not in favor and advised against the department's preferred approach. The department wanted to stop about half way into the form and have students sign the application and then proceed only if they were instructed to do so. The department went ahead and implemented their preferred form. At this point, we continue to have problems resulting from an application that is signed by the applicant before it is completed. The reason for stopping half way into the form was to prevent applicants from completing information needlessly if they qualified for the simple need analysis. What we have found is that though many applicants qualify for this approach, it sometimes leads to the disadvantage of the neediest applicants by calculating an expected contribution which is higher than it would have been if the entire form had been completed.

Some of the fee based forms include a number of questions which are particularly useful to the high cost private colleges and universities. It is important to recognize that the unique system of post secondary education in the United States is enhanced by the fact that each institution reflects an individuality necessary to its locale. It is safe to say that the entire financial aid community supports a process which is understandable to the student and also meets the institution's need to collect important data to determine eligibility. Currently there are six Multiple Data Entry processors which are licensed to gather information for schools and the Pell Grant program. Just a few years ago there were only three.

Because the Pell Grant program is linked to this application, the process increases in complexity. The Department of Education contracts with a separate organization using a Pell Grant methodology to determine eligibility for the Pell Grant. This step further complicates the system and provides to the student output which enhances confusion. When the student fills out all forms except for the Application for Federal Student Aid, information is sent directly to the school. The student also receives in the mail the Pell Grant Student Aid Report. In many instances, this is a significant point where confusion is initiated. I have already quoted an applicant with just this situation. With the free application for federal student aid, no information is directly sent to schools, but students do receive the Student Aid Report which provides information about eligibility for the Pell Grant and other programs. Schools depend on the student to forward this form directly to them.

Many schools which are fortunate enough to develop or purchase the Electronic Data Exchange software are able to draw down directly from the central processor regarding application information from all sources, including the free federal form. However, if funds are not available for the electronic process, schools must wait until the student submits the Student Aid Report directly to the school. It is generally recommended that we eliminate the Student Aid Report and allow processing of Pell Grant eligibility to take place on campuses through information which is made directly available to the institution by the central processor or Multiple Data Entry processors. This improvement would be a major step in reducing much of the confusion and complexity of the process. Recently the National Association of Student Financial Aid Administrators presented testimony in Washington, DC regarding simplification of the process. I would certainly encourage the committee to take a close look at the recommendations made by this outstanding membership organization.

Another area which continues to provide an element of confusion is the application process for Stafford and Supplemental Student Loans. Each state has developed a form unique to their particular agencies. Without commonality in the form, institutions like the University of Mississippi have a great deal of difficulty in assuring the accurate completion of the application with data elements not commonly formatted. Again, with my written testimony I have provided a number of applications from other states in an effort to give you an example of the point I have just made.

There are several technical aspects about the core data of the application which also need attention. However, the first step in the development of a simplified process might include some of the recommendations made with this testimony. Federal Government has played such a key role in the education of its citizens, and it can be assured that financial aid is one of the few programs which provide long term benefits to the nation. It is my hope that as the process has become more complicated no students with a potential to benefit from a post-secondary education have been discouraged from applying. Let us work together to enhance opportunities for post-secondary educational experiences for the citizens of this nation. I will close with a quote by Horace Mann from his speech on the Necessity of Education in a Republican Government in 1839 which serves as a challenge to all of us. Horace Mann said: "Legislators and rulers are responsible. In our country, and in our times, no man is worthy the honored name of a statesman, who does not include the highest practicable education of the people in all his plans of administration."

Thank you. I will be pleased to answer any questions you may have.

THE UNIVERSITY OF MISSISSIPPI,
University, MS, March 21, 1989

Dr. Kenneth Whitehead,
Assistant Secretary for Post Secondary Education
U.S. Department of Education
Office for Post Secondary Education
Washington, DC.

Dear Dr. Whitehead: It has come to my attention that the February 1989 Dear Colleague Letter (GEN-89) addresses issues far more important and significant than the design of the free federal form. The critical issue alert sent by NASFAA and received in the financial aid office on March 6, 1989 points to much broader scope in form design and use than does the February Dear Colleague Letter.

I wish to address my comments with respect to the four options currently being discussed with NASFAA by the Department of Education in view of the approaches to forms design and the student financial aid delivery process.

Any comments in regard to the issue of forms design and the mandate for free application must be directed towards the primary target of the beneficiaries of federal financial aid. We are all employed in a student service occupation. The Department of Education exists because of the will of the people and the need for an educated society. I am a bureaucrat just as you are and there is no reason that I can see that bureaucrats cannot focus on the importance of individual service to students. If we can view forms design and programs with respect to the importance of the service aspect, it is very likely that forms design could reflect the timely needs of an efficient student financial aid delivery system. In the four approaches to forms design, I saw no direct comment in your letter which addressed the issue of service to students.

It appears to this observer that the preference in the approaches was based on the mandate for free forms and the wishes of the Department of Education. This observer also believes that the tremendous clientele support for quality education programs and financing options for post secondary education have basically led to the continuance of the Department of Education at the cabinet level during years in which the dismantling of the department had been suggested by the country's chief executive.

Forms design alone does not make the system work. Forms design is but one aspect of a complicated delivery process in which the eligible financial recipient ultimately benefits by receiving assistance to cover the expenses of post secondary education in America. These students become productive members of the American society and pay taxes which justifies the meager investment made by the Federal Government in the first place.

As a public servant in Mississippi, I focus on the need for service orientation to the students of this institution. Service orientation neither denies the complexity of the system nor does it seek to circumvent federal regulation in the delivery of funds

to students. On the other hand, it enhances the process, seeks to reduce the complexity, and advocates an educated filing populace. With respect to the department's four approaches, the current application configuration is the one preferred considering the narrow time frame in which decisions must be made. If the system changes dramatically for 1990-91, I can assure you that even greater anxiety will be felt by the students even if an adherence to the mandate for free forms has been realized. The students are basically comfortable with the current approach and the only alternative would be the development of the fourth approach which would provide a single common application free in cost to the student and contain some state and institution specific information. A return to the former application configuration such as number two is totally unacceptable. The suggestion that non core data would not be embedded in the application returns us to the time when institutions could be left without necessary information because the student did not complete the entire application. In approach number three, suggesting two separate forms, is the kind of approach which we can expect when the student is not considered at all with respect to the issue of service. This approach becomes very confusing and increases the complexity dramatically. I can see no reason why the Department of Education would want to increase cost to the Federal Government and increase the complexity of the process at the same time. If good judgment is exercised, approaches two and three must be deleted.

Let us examine the best approach to student service and forms design from a student service perspective. Now can we plan to be student service oriented when in fact a student must complete a form which could go to one or two processors of financial aid eligibility? What is the justification for a centralized program processor delivering financial aid eligibility information independently of the national needs analysis servicers? Now can we view this approach as efficient and effective? The current certification process for national needs analysis servicers is fairly complicated with eight levels for certification up from four a year ago. Because of the complexity of the certification process, it appears that a sufficient confidence level in the ability of national need analysis processors has been established and the decentralization of the Pell Grant process would enable the delivery system to be enhanced greatly. The need analysis processors have already provided projected Pell Grant eligibility information to students in advance of any communication directly with the student by the Federal Government. Please find attached to this letter a copy of a letter which I wrote to the Office of Management and Budget with regard to the problems students encounter with the Student Aid Report. The Federal Government's interactive approach through the Student Aid Report and the student is agonizing and many times misunderstood by the student. On many occasions students do not read the form at all and fail to deliver it to the financial aid office. There is a great misunderstanding about the Student Aid Report because of the interactive process. If the Student Aid Report were mailed directly to the institution instead of the student, there would be some relief of the anxiety which is currently realized.

Forms design in itself must be addressed when considering the individuality of educational institutions nationally. The automated financial aid data base at the University of Mississippi is integrated with the student information system therefore eliminating some of the institution and state specific information requirements at the University of Mississippi. Therefore it is difficult to design one form that can service all institutions.

Campus based programs are administered very well by institutions for students who have demonstrated financial aid eligibility. The national need analysis services provide information directly to the institution and therefore students are served quickly and fairly. The Pell Grant program through its central processor is a cumbersome process resulting in students failing to read the instructions and causing anger in parents and students with delays in the process. Approach forms design from a student service orientation and not from the wishes of the Department of Education or institutions and I believe you will see an adequate resolution to the problem. Number four would be the best approach within a decentralized Pell Grant system. Is there sufficient time to achieve the desired result for 1990-91? If not, we should continue to use the current process.

Sincerely,

THOMAS G. HOOD
Director of Student Financial Aid

THE UNIVERSITY OF MISSISSIPPI
Department of Financial Aid, Division of Student Personnel
University, MS, March 6, 1989.

The U.S. Department of Education
Information Management and Compliance Division
Washington, DC.

To Whom It May Concern: Please let me respond to you regarding your comments in the instruction section on Part I of the Student Aid Report on behalf of the students of the University of Mississippi. The nine to fifteen minute average per response is an unrealistic time frame when forms are reviewed by students and parents. If the form is reviewed at all for errors, it may take a great deal more time—up to one hour. Even after that, the length of the form is intimidating and information in the various sections such as number 34 in section D of part II do not relate to the original question with sufficient degree of accuracy. Question 34 more accurately is "adjusted gross income" from line 31 of the 1040, line 13 of 1040A, or line 3 of 1040EZ. What generally happens is that families review this line and go right back up to the line referencing income earned on the tax form. This, of course, takes place if families dare to review the form at all. The paperwork burden does not end with the student review. If the student brings the form to the office on a timely basis, the University of Mississippi financial aid staff must also review the form to be sure that it reflects the same information found on the original application on which the student filed. This information has already been loaded into our automated system and changes made on the Student Aid Report could result in a change. If the Department of Education would accept edited data, very likely there would be less chance of error and the paperwork burden would be reduced dramatically.

In one instance during 1988-89, a parent called the financial aid office at the University of Mississippi very angry about the fact that her child had not yet received her Pell Grant. While the parent was on the phone she was becoming bitterly angry with threats of letters to congressmen, senators, etc. I was able to continue inquiring about the Student Aid Report while this individual was talking to me and finally she revealed that she knew she was getting a Pell Grant because of the form she was holding in her hand. It was the Student Aid Report. This occurs quite often. The usual result is not an angry phone call, however. If the Federal Government were to decentralize the Pell Grant process and allow Pell Grants to be awarded on the information captured on the Financial Aid Form, very likely the efficiency of the student financial aid delivery system would increase dramatically and the accuracy of information could be assured more consistently. Thank you for giving me this opportunity to respond on the students' behalf.

Sincerely,

THOMAS G. HOOD
Director of Student Financial Aid

State of Mississippi
APPLICATION FOR FEDERAL & STATE STUDENT AID (AFSSA)
1991-92 School Year

THE PURPOSE OF THIS APPLICATION

You can use the form in this booklet as the first step in applying for student financial aid from the Federal student assistance programs offered by the U.S. Department of Education, as well as loan programs administered by the Mississippi Guarantee Student Loan Agency (MGSLA).

The Federal student assistance programs can help you pay for most kinds of education after high school. The aid is available if you are attending a professional school, a vocational or technical school, or college. This application is for Federal and State student financial aid for the 1991-92 school year (July 1, 1991 - June 30, 1992).

Your school may use this application for other financial aid programs. Consult your financial aid administrator for the specific filing deadlines and other details in applying for college level assistance.

HOW TO USE THIS APPLICATION BOOKLET

1. Separate the application from the booklet by tearing on the perforated lines. Remove the return envelope by tearing on the perforation.
2. Carefully read all the information in this booklet starting on page1. **Be sure to read "Information on the Privacy Act and Use of Your Social Security Number" on page 16.**
3. Complete the application section by section. Follow instructions beginning on page 3 of the booklet. Failure to complete the application according to the instructions will cause a delay in processing.
4. Print carefully, so that your form will be easy to read. Use a pen with dark ink; don't use a pencil.
5. If a question asks for an amount and your answer is "none", enter zero. If the question does not apply, enter zero. If the instructions tell you to skip a question, leave it blank. Round off dollar amounts to the nearest dollar. For 50 cents or more round up; for 49 cents or less round down.
6. **Be sure to include all the necessary signatures on the application.**
7. Return only the completed application in the envelope provided. Be sure to place the proper postage on the envelope. Do **NOT** return the booklet instructions, letters, tax forms, worksheets or any extra material in the envelope. **THEY WILL BE DESTROYED.**
8. [redacted]

DON'T SIGN OR SUBMIT THIS APPLICATION BEFORE JANUARY 1, 1991.

WARNING:

You must fill out this form accurately. **The information which you supply can be checked** by your college or by the U.S. Department of Education. You may be asked to provide U.S. income tax returns, the worksheets in this booklet and other information. If you don't or can't provide these records you may not get Federal or State aid. If you get Federal or State student aid based on incorrect information, you will have to pay it back; you may also have to pay fines and fees. If you purposely give **false or misleading information** on your application form, you may be fined $10,000, receive a prison sentence, or both.

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MS 21

Who Can Get Aid From The Federal Student Financial Aid Programs?

↓	Pell Grants	[illegible]	Supplemental Educational Opportunity Grants (SEOG)	[illegible]	Perkins Loans
Undergraduate	Yes	[illegible]	Yes	[illegible]	Yes
Graduate	No	[illegible]	No	[illegible]	Yes
At least half-time	Yes*	[illegible]	Yes*	[illegible]	Yes*
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Must be a U.S. citizen or eligible noncitizen	Yes	[illegible]	Yes	[illegible]	Yes
Must be registered with the Selective Service (if required)	Yes	[illegible]	Yes	[illegible]	Yes
Must have financial need	Yes	[illegible]	Yes	[illegible]	Yes
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Must be working toward a degree or certificate	Yes	[illegible]	Yes	[illegible]	Yes
Must be making satisfactory academic progress	Yes	[illegible]	Yes	[illegible]	Yes
Must not be in default or owe a refund on a Federal grant or educational loan	Yes	[illegible]	Yes	[illegible]	Yes
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conviction of drug distribution or possession may make student ineligible	Yes	[illegible]	Yes	[illegible]	Yes

The information on this page will answer some of your questions about these programs. However, for more information on Federal student financial aid, see **"Additional Information On The Federal Student Financial Aid Programs"** on page 11. The instructions in this booklet will tell you what information you have to provide on the form. If you have any questions after you have read the instructions, seek help. Talk to your high school counselor or the financial aid administrator at the school you want to attend.

* In some cases, students going to school less than half time may be eligible. Check with your financial aid administrator.

** In some cases, students don't have to be in a degree or certificate program. Check with your financial aid administrator.

DEADLINE: May 1, 1992

We must ***receive*** your form by May 1, 1992. State programs and schools may have ***earlier deadlines*** you will have to meet. You should apply as early as possible. Mailing in your form is only the first step in applying for Federal and State student aid.

INSTRUCTIONS

FOR GOLD SHADED AREAS — **FOR GRAY SHADED AREAS**

BEFORE YOU BEGIN TO FILL OUT THE FORM, TEAR IT OUT OF THE BOOKLET AND LAY IT ALONGSIDE THE INSTRUCTIONS SO THAT YOU CAN CHECK FOR ADDITIONAL INSTRUCTIONS AS YOU GO ALONG.

The **GOLD** and **GRAY** areas indicate which instructions are for which questions. **Read the instructions as you fill out this form.** Mistakes will delay the processing of your application.

Some instructions appear on the form itself. Since those questions are self-explanatory, no additional instructions are provided. Where additional information is necessary, you will find it in the instruction booklet.

The instructions for this form will usually answer questions that you have. If you need more help, contact your high school guidance counselor or your college financial aid administrator.

Although other people (besides the student who is applying for aid) may help fill out this form, it is about the student. On this form, the words "you" and "your" always mean the student. The word "college" means a college, university, graduate or professional school, vocational or technical school, or any other school beyond high school.

"Student financial aid" means money from educational loans, grants, and scholarships. It also means earnings from the College Work-Study Program or other earnings you received based on your financial aid administrator's determination of your financial need.

Records You Will Need

Get together these records for yourself and your family:

- 1990 U.S. income tax return (IRS Form 1040, 1040A, or 1040EZ).
- 1990 State and local income tax returns.
- W-2 forms and other records of money earned in 1990.
- Records of untaxed income, such as welfare, social security, AFDC or ADC, or veterans benefits.
- Current bank statements.
- Current mortgage information.
- Records of medical or dental bills that were paid in 1990.
- Business and farm records.
- Records of stocks, bonds, and other investments.

Keep these records!

Won't file a tax return. Even if you and your spouse or your parents file no income tax return for 1990, you will need to know earnings for the year. You may also need records showing the amount of other income you are to report on your application.

Tax return not completed yet. If you, your spouse, and/or your parents haven't completed a 1990 U.S. income tax return but will be filing one, **we recommend that you complete your return before filling out this application.** Knowing what will be on your tax return will help you to fill out this application accurately. When your application is compared with the official 1990 IRS Form 1040, 1040A, or 1040EZ that is filed for you and your family, the financial information must agree. If there are **any** errors, you will have to correct the information and send it back to the U.S. Department of Education. If this happens, it will take longer to determine whether you are eligible for Federal student aid. It could mean a delay in getting your student financial aid.

If you, your spouse, and/or your parents filed (or will file) a **"Foreign Tax Return"** or are a **"Native American,"** see page 11.

When You Fill Out This Form

- Use a pen with black or dark ink; don't use a pencil.
- Print carefully, so that your form will be easy to read.
- Round off figures to the nearest dollar. For 50 cents or more, round up; for 49 cents or less, round down.

Section A: Yourself

Write in this section information about you, the student who is applying for aid.

2. Write in the address where you will be receiving mail. All mail will be sent to this address. Don't use the address of the financial aid office or any other office. Use the State/Country abbreviations list below.

State/Country Abbreviations

AL Alabama	IN Indiana	NM New Mexico	VI Virginia
AK Alaska	IA Iowa	NY New York	WA Washington
AS American Samoa	KS Kansas	NC North Carolina	WV West Virginia
AZ Arizona	KY Kentucky	ND North Dakota	WI Wisconsin
AR Arkansas	LA Louisiana	OH Ohio	WY Wyoming
CA California	ME Maine	OK Oklahoma	
CO Colorado	MD Maryland	OR Oregon	CN Canada
CT Connecticut	MA Massachusetts	PA Pennsylvania	FM Federated States of Micronesia
DE Delaware	MI Michigan	PR Puerto Rico	
DC District of Columbia	MN Minnesota	RI Rhode Island	MH Marshall Islands
FL Florida	MS Mississippi	SC South Carolina	
GA Georgia	MO Missouri	SD South Dakota	MI Micronesia
GU Guam	MT Montana	TN Tennessee	MX Mexico
HI Hawaii	NE Nebraska	TX Texas	MP Northern Marianas
ID Idaho	NV Nevada	UT Utah	
IL Illinois	NH New Hampshire	VT Vermont	
	NJ New Jersey	VI Virgin Islands	PW Palau

If your place of residence is not included above, leave the State abbreviation blank and write the name of your city and territory or country in the space for city.

4. Write in the two-letter abbreviation for your current State/Country of legal residence. Use the State/Country abbreviations list above.

6. Write in your birth date. For example, if you were born on July 5, 1972, you would write in:

0 7	0 5	7 2
Month	Day	Year

7. If you are a U.S. citizen (or U.S. national), check the first box and go on to question 8. Check the second box and write in your eight or nine digit Alien Registration Number if you are one of the following:

   - U.S. permanent resident, and you have an Alien Registration Receipt Card (I-151 or I-551).

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- Other eligible noncitizen with a Departure Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: (a) "Refugee", (b) "Asylum Granted", (c) "Indefinite Parole" and/or "Humanitarian Parole", (d) "Cuban Haitian Entrant."

- Other eligible noncitizen with a Temporary Resident Card (I-688).

If you are a citizen of the Marshall Islands, Federated States of Micronesia, or Palau, see your financial aid administrator.

If you cannot check the first or second box, you must check the third box. If you are in the U.S. on only an F1 or F2 student visa, only a J1 or J2 exchange visitor visa, or only a G series visa (pertaining to international organizations), you must check the third box.

9. Check your year in college from July 1, 1991 to June 30, 1992.

10. Check "No" if you do not have a Bachelor's degree and you will not have one by July 1, 1991.

Check "Yes" if you already have a Bachelor's degree or will have one by July 1, 1991. Also, check "Yes" if you have or will have a degree from a university in another country that is equal to a Bachelor's degree.

Section B: Student Status

Answer question 11. A blank counts as "No."

11. **a.** Check the correct box. (See your answer to question 6.)

b. Check "Yes" if you are a veteran of active service in the U.S. Army, Navy, Air Force, Marines or Coast Guard. Also check "Yes" if you are **not** a veteran **now** but will be one by June 30, 1992.

Check "No" if you are or were:

- never in the U.S. Armed Forces,
- only an ROTC student,
- only a cadet or midshipman at one of the service academies,
- only a National Guard or Reserves enlistee, **or**
- currently serving in the U.S. Armed Forces and will continue to serve through June 30, 1992.

c. Check "Yes" if (1) both your parents are dead **and** you don't have an adoptive parent or legal guardian, or (2) if you are currently a ward of the court. For a definition of a "**Legal Guardian,**" see page 11. Otherwise check "No."

d. Check "Yes" if you have any children who get more than half of their support from you. Also check "Yes" if other people live with you and get more than half of their support from you and will continue to get that support during the 1991-92 school year. *(Don't include your spouse.)* Otherwise check "No."

"Parents" in questions 12, 14a-14e, and 15 means your mother and/or father, or your adoptive parents, or legal guardian. "Parents" does not mean foster parents and, for this section, it does not mean stepparent. Later, the instructions will tell you if you should supply information about your stepparents.

Unmarried Undergraduate Students Only

12. If your parents claimed you as an exemption on their 1989 and/or will do so on their 1990 income tax return, you must answer "Yes." If your parents are divorced or separated, answer "Yes" if either of your parents claimed you as an income tax exemption in 1989 and/or will do so on their 1990 income tax return. Otherwise check "No."

13. Check the box that best describes when you first received Federal student aid, ***beginning with the 1987-88 school year*** (July 1, 1987 - June 30, 1988). *Check only one box: a, b, c, d, **or e.***

Federal student aid includes:

- Pell Grant,
- Stafford Loan/Guaranteed Student Loan (GSL), including Supplemental Loans for Students (SLS)
- Supplemental Educational Opportunity Grant (SEOG),
- College Work-Study (CWS),
- Perkins Loan/National Direct Student Loan (NDSL), **or**
- State Student Incentive Grant (SSIG). These grants often have other names such as Student Incentive Grants, Incentive Grants, Tuition Grants, etc.

Below are some examples to help you answer question 13.

EXAMPLE #1 Buck Bundy received Federal student aid in the 1986-87 and 1987-88 school years. Therefore, Buck should check box "a." Even if Buck had received Federal student aid in the 1985-86 and 1987-88 school years, he should still check box "a," because the first school year (beginning with 1987-88) in which he received Federal student aid is 1987-88.

EXAMPLE #2 Jeff Akbar ***first*** received Federal student aid in the 1988-89 school year. Therefore, Jeff should check box "b."

EXAMPLE #3 Wu Lin ***first*** received Federal student aid in the 1989-90 school year. Therefore, Wu should check box "c."

EXAMPLE #4 Kate Murphy ***first*** received Federal student aid in the 1990-91 school year. Therefore, Kate should check box "d."

EXAMPLE #5 Vickie Tingley received Federal student aid in the 1986-87 school year and has not received Federal student aid since then. Therefore, Vickie should check box "e."

EXAMPLE #6 Joaquin Rodriguez has never received Federal student aid. Therefore, Joaquin should check box "e."

14a - 14e. When figuring your resources in questions 14a, 14b, 14c, 14d, **or** 14e be sure to include:

- wages, salaries, and tips, etc.;
- interest income and dividend income;
- any student financial aid (except PLUS loans);
- personal long-term cash loans used for educational purposes, **and**
- any other income and benefits (such as veterans cash benefits, fellowships, etc.).

Don't include any resources from your parents such as money that you earned from them or gifts that you received from them.

Married or Graduate/Professional Students Only

15. If your parents will claim you as an exemption on their 1991 income tax return, you must answer "Yes."

You must see your college financial aid administrator before completing the rest of this form if:

- you answered "No" to all of the questions in 11 but after answering questions 12 through 14, or 15 you were told to fill out the gray and the white areas, **and**
- you were not required to provide parental information in 1990-91, **and**
- you were claimed by any person, other than your spouse, as a tax exemption in 1990.

Important instructions for Sections C, D, E, F, G, and I

Parents' information - gold areas

Read the descriptions below. Check the box that is true for you and follow the instructions.

- ☐ **Your parents are both living and married to each other.** Answer the questions on the rest of the form about them.
- ☐ **You have a legal guardian.** Answer the questions on the rest of the form about your "**Legal Guardian.**" For a definition of "Legal Guardian" see page 11.
- ☐ **Your parents have divorced or separated.** Answer the questions on the rest of the form about the parent you lived with most in the last 12 months. For example, if you lived with your mother most, answer the questions about her, and not about your father. If you did not live with one parent more than with the other in the last 12 months, answer in terms of the parent who provided the most financial support during that time. If neither parent provided greater financial support during the last 12 months, answer in terms of the parent who provided the greater support during the most recent calendar year. (*Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, etc.*)
- ☐ **Your parent is widowed or single.** Answer the questions on the rest of the form about that parent.

If you have a stepparent. If the parent that you counted above has married or remarried, you must include information about your stepparent (even if they were not married in 1990).

If you are giving information about your stepparent, note that wherever we say "parents" on the rest of the form, we also mean your stepparent.

Section C: Household Information

Your parents' household information - gold area

16. Show the current marital status of the people that you give information about on this form. For example, if you give information about your mother and stepfather, check the box that says "married," because your mother and stepfather are married.

17. Write in the two-letter abbreviation for your parents' current State/Country of legal residence. See the list of State/Country abbreviations under the instructions for question 2.

18. Write in the number of people that your parents will support between July 1, 1991 and June 30, 1992. Include your parents and yourself. Include your parents' other children if they get more than half of their support from your parents. Also include them if they would be required to provide parental information when applying for Federal student aid for the 1991-92 school year. Include other people only if they now live with and get more than half of their support from your parents and will continue to get this support between July 1, 1991 and June 30, 1992. (*Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, etc.*)

19. Write in the number of people from question 18, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Your (& your spouse's) household information - gray area

Fill out this section with information about yourself (and your spouse). If you are divorced, separated, or widowed, don't include information about your spouse.

20. Write in the number of people that you will support between July 1, 1991 and June 30, 1992. Include yourself and your spouse. Include your children if they get more than half of their support from you. Include other people only if they meet the following criteria:

- they now live with you, **and**
- they now get more than half of their support from you **and** they will continue to get this support between July 1, 1991 and June 30, 1992.

21. Write in the number of people from question 20, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Section D: Your parents' 1990 income, earnings, and benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any other question is "none" or "zero," put a zero in the answer space. **Don't** leave it blank or use dashes. For example:

$ 0 00

If your parents filed (or will file) a "**Foreign Tax Return**" or a **Puerto Rican tax return**, see page 11.

22. 1990 U.S. income tax figures

From a completed return. Check only one box to indicate which IRS Form was filed. Use this tax return to answer questions 23 through 28.

Estimated. Check the correct box if your parents have not yet filed but will file a 1990 U.S. income tax return. Use their financial records to answer questions 23 through 28. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Check this box if your parents will not file a 1990 U.S. income tax return. Don't answer questions 23 through 25. Skip to question 26.

If you are giving information for only one parent and that parent filed (or will file) a joint tax return for 1990, give only that parent's portion of the exemptions and income asked for in questions 23 through 28.

If your parents are married and they filed (or will file) separate tax returns for 1990, be sure to include both parent's exemptions and income in questions 23 through 28.

23. **Total number of exemptions for 1990.** Write in the number from Form 1040, line 6e or 1040A, line 6e. If your parent used the 1040EZ and he or she checked "Yes" in question 4 of that form, write in "00." Otherwise, write in "01."

Important: See the table below for some of the types of student financial aid that you should exclude from income and taxes in questions 24 through 28.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships or Fellowships	Yes	Yes
Earnings from a work program including Assistantships	Yes	No
Loans	Yes	Yes

24. **Adjusted Gross Income (AGI) for 1990. Don't include** any income or capital gains from the sale of a business or farm, if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or involuntary liquidation.

Use worksheet #1 on page 12 to answer question 24 if you cannot get a 1990 tax form, but will be filing one.

25. **U.S. income tax paid for 1990.** Make sure this amount doesn't include any FICA, self-employment, or other taxes. **Don't** copy the amount of "Federal income tax withheld" from a W-2 Form.

26. **Income earned from work in 1990.**

&

27. **If you skipped questions 23 through 25,** include your parents' earnings from work in 1990. Add up the earnings from your parents' W-2 forms and any other earnings from work that are not included on the W-2.

If you answered questions 23 through 25, include the "wages, salaries, tips, etc." from your parents' Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If your parents filed a joint return, report your father's and mother's earnings separately. If your parents own a business or farm, also add in the numbers from Form 1040, lines 12 and 19.

28. **Untaxed income and benefits for 1990.**

28a. **Social security benefits for 1990.** Write in the amount of untaxed social security benefits (including Supplemental Security Income) that your parents got in 1990. Don't include any benefits reported in question 24. Don't report monthly amounts; write in the total for 1990. Be sure to include the amounts that your parents got for you and their other children.

28b. **Aid to Families with Dependent Children (AFDC or ADC) for 1990.** Don't report monthly amounts; write in the total for 1990. Don't report social security benefits.

28c. **Child support received for all children.** Include the student. Don't report monthly amounts; write in the total for 1990.

28d. **Other untaxed income and benefits for 1990.** Add up your parents' untaxed income and benefits for 1990. Use worksheet #2 on page 12. Be sure to include your parent's earned income credit and deductible IRA/KEOGH payments, if any.

Everyone must answer the questions in the Student (& Spouse) column in Section D.

Section D: Your (& your spouse's) 1990 income, earnings and benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any other question is "none" or "zero," put a zero in the answer space. **Don't** leave it blank or use dashes. For example:

$ 0 00

If you (or your spouse) filed (or will file) a **"Foreign Tax Return"** or a **Puerto Rican tax return,** see page 11.

22. **1990 U.S. income tax figures.**

From a completed return. Check only one box to indicate which IRS Form was filed. Use this tax return to answer questions 23 through 28.

Estimated. Check the correct box if you (and your spouse) have not yet filed but will file a 1990 U.S. income tax return. Use your financial records to answer questions 23 through 28. For these questions, you must write in the figures that will be on the tax return. Filing out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Check this box if you (and your spouse) will not file a 1990 U.S. income tax return. Don't answer questions 23 through 25. Skip to question 26.

If you are divorced, separated, or widowed, and you filed (or will file) a joint tax return for 1990, give only your portion of the exemptions and income asked for in questions 23 through 28.

If you are married and you and your spouse filed (or will file) separate tax returns for 1990, be sure to include both your and your spouse's exemptions and income in questions 23 through 28, even if you were not married in 1990.

23. **Total number of exemptions for 1990.** Write in the number from Form 1040, line 6e or 1040A, line 6e. If you used the 1040EZ and you checked "Yes" in question 4 of that form, write in "00." Otherwise write in "01."

Important: See the table (on the next page) for some of the types of student financial aid that you should exclude from income and taxes in questions 24 through 28.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships or Fellowships	Yes	Yes
Earnings from a work program including Assistantships	Yes	No
Loans	Yes	Yes

24. **Adjusted Gross Income (AGI) for 1990. Don't include** any income or capital gains from the sale of a business or farm, if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or involuntary liquidation.

Use worksheet #1 on page 12 to answer question 24 if you cannot get a 1990 tax form, but will be filing one.

25. **U.S. income tax paid for 1990.** Make sure this amount doesn't include any FICA, self employment, or other taxes. **Don't** copy the amount of "Federal income tax withheld" from a W-2 Form.

26. **Income earned from work in 1990.**

27. **If you skipped questions 23 through 25,** include your (and your spouse's) earnings from work in 1990. Add up the earnings from your (and/or your spouse's) W-2 forms and any other earnings from work that are not included on the W-2.

If you answered questions 23 through 25, include the "wages, salaries, tips, etc." from your (and your spouse's) Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If you (and your spouse) filed a joint return, report your and your spouse's earnings separately. If you (and your spouse) own a business or farm, also add in the numbers from Form 1040, lines 12 and 19.

28. **Untaxed income and benefits for 1990.**

Don't include benefits reported in questions 28a, 28b, 28c and 28d of the parent column.

28a. **Social security benefits for 1990.** Write in the amount of untaxed social security benefits (including Supplemental Security Income) that you (and your spouse) got in 1990. Don't include any benefits reported in question 24. Don't report monthly amounts, write in the total for 1990. Be sure to include the amounts that you got for your children.

28b. **Aid to Families with Dependent Children (AFDC or ADC) for 1990.** Don't report monthly amounts, write in the total for 1990. Don't report social security benefits.

28c. **Child support received for all children.** Don't report monthly amounts, write in the total for 1990.

28d. **Other untaxed income and benefits for 1990.** Add up your (and your spouse's) untaxed income and benefits for 1990. Use worksheet #2 on page 12. Be sure to include your (and your spouse's) earned income credit and deductible IRA, KEOGH payments, if any.

Section E: College Release and Certification

29. Write in the **complete** name, city, and State of the college(s) that you will **most** likely be going to during the 1991-92 school year. In 29a, write in the name and address of your first college choice. In 29b, write in the name and address of your second college choice. In 29c, write in the name and address of your third college choice. Do not use abbreviations for the name or address of the college. If the college you may be going to is a branch campus, be sure to include the complete name of the branch. Refer to the school code list at the end of these instructions and enter the appropriate code(s). If the school is not listed, please leave school code blank. Enter a housing code for each college listed (1=with parents, 2=campus housing, 3=off-campus housing). If you don't know yet which college(s) you are most interested in, you may leave this question blank.

30. Your responses to the questions in item 30 (and item 31) determine to whom the information you supply on this form will be provided. A "No" response may delay the determination of your eligibility or prevent you from being considered for all the assistance for which you might otherwise be eligible.

30a. Check "Yes" if you give us permission to send information from this form to the U.S. Department of Education for use in determining eligibility for the Pell Grant, SEOG, CWS, Perkins Loan or Stafford Loan Programs. Check "No" if you don't want to be considered for any of these Federal student assistance programs.

30b. Check "Yes" if you give us permission to send information from this form to the college(s) (or its representative) that you listed in question 29a, 29b, and 29c. Check "No" if you don't want us to send information from this form to the college(s) (or its representative) that you listed in question 29a, 29b, and 29c. This may delay the availability of your institutional financial aid award.

30c. Check "Yes" if you give us permission to send information from this form to the financial aid agencies in your State. Check "No" if you don't want us to send information from this form to the financial aid agencies in your State. This may delay or preclude consideration for State assistance programs.

31. If you checked "Yes" to question 30a, the Department of Education (ED) is permitted by regulation to provide your name, address, social security number, date of birth, Pell Grant Index (PGI), Family Contribution (FC), student status, year in college, and State of legal residence to the college(s) (or its representative) that you listed in questions 29a, 29b or 29c, even if you check "No" to question 30b. This information will also go to the State agency in your State of legal residence to help coordinate State financial aid programs with Federal student aid programs, even if you check "No" to question 30a. However, no additional information such as income information will be sent if you check "No" to questions 30a or 30b.

31a. Check "Yes" if you give ED permission to send information from this form to the financial aid agencies in your State. Some State agencies ask this information. They may use it to help decide whether you will get a State award and to check to see if you reported correct information on your State student aid application. Check "No" if you don't want ED to send information from this form to the financial aid agencies in your State. If you check "No", any State aid you might be eligible for may be delayed, but it will have no effect on your Federal aid.

31b. Check "Yes" if you give ED permission to send information

from this form to the college(s) (or its representative) that you listed in questions 29a, 29b or 29c. Many colleges use this information to help estimate the amount of your financial aid package. Check "No" if you don't want ED to send information from this form to the college(s) (or its representative) that you listed in questions 29a, 29b or 29c.

32. Selective Service Registration

In order to receive Federal student aid you must be registered with Selective Service if:

- you are a male who is at least 18 years old and born after December 31, 1959.

Check the box **only** if you:

- are a male and are 18 through 25 years of age, **and**
- have not yet registered with Selective Service, **and**
- give Selective Service permission to register you.

If you believe that you are not required to be registered, call the Selective Service at 1-800-621-5388 for information regarding exemptions. NOTE: If you wish to register with Selective Service using this form, you must give permission for CSX to send your AFSSA to the U.S. Department of Education. You can do this by checking "Yes" in question 30a.

Read and sign

You must sign this form. If you don't sign this form, it will be returned unprocessed. If you are married, your spouse must sign this form. If you filled out the [illegible] and the **WHITE** areas, at least one of your parents must also sign this form. **Everyone signing this form is certifying that all information on the form is correct** and that they are willing to provide documents to prove that the information is correct. Such documents may include U.S., State, or local tax returns. Any AFSSA dated or received before January 1, 1991 will be returned unprocessed.

Sending In Your Form

If you are filling out the [illegible] and **WHITE** areas, complete worksheet #3A. If you are filling out the **GRAY** and **WHITE** areas, complete worksheet #3B. The worksheet will tell you whether you need to provide additional information.

If after completing worksheet #3A or #3B, you were not required to complete Sections F through I, if applicable, double-check your form to make sure it is complete and accurate. Be sure it has the necessary signatures.

Put the form in the envelope provided in this booklet. Don't send money. Don't put letters, tax forms, worksheets, or any extra materials in the envelope. **They will be destroyed.**

Instructions for the Supplemental Information

Section F: Your parents' 1990 expenses

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

33. Medical and dental expenses in 1990 not paid by insurance. Write in the amount of money that your parents **paid** in 1990 for medical and dental expenses (include insurance premiums). Don't include amounts covered by insurance or self-employed health deductions from Form 1040-line 26. If your parents itemized deductions on their 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

34. Elementary, junior high, and high school tuition paid in 1990.

34a. Write in the amount of money that your parents **paid** in 1990 for elementary, junior high, and high school tuition for family members who were included in question 18. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition paid by scholarships. Also, don't include tuition that your parents paid for you or any tuition for preschool or college.

34b. Write in the number of dependent children for whom the amount listed in 34a was paid in 1990. **Don't include** yourself (the student) **or** any person who was not included in question 18.

Section F: Your (& your spouse's) 1990 expenses

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

33. Medical and dental expenses in 1990 not paid by insurance. Write in the amount of money that you (and your spouse) **paid** in 1990 for medical and dental expenses (include insurance premiums). Don't include amounts covered by insurance or self-employed health deductions from Form 1040-line 26. If you (and your spouse) itemized deductions on your 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

34. Elementary, junior high, and high school tuition paid in 1990.

34a. Write in the amount of money that you (and your spouse) **paid** in 1990 for elementary, junior high, and high school tuition for family members who were included in question 20. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition that you paid for yourself, tuition paid by scholarships, or any tuition paid for preschool or college.

34b. Write in the number of dependent children for whom the amount listed in 34a was paid in 1990. **Don't include** yourself, or any person who was not included in question 20.

Section G: Your parents' assets

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

You must give information about your parents' assets in Section G. If you are giving information for only one parent and that parent has jointly owned assets, give only that parent's portion of the assets and debts. If your parents have assets owned jointly with someone else, give only your parents' portion of the assets and debts.

In Section G, **don't include:**

- Personal or consumer loans, or any debts that are not related to the assets listed.

- The value of retirement plans (pension funds, annuities, IRAs, Keogh Plans, etc.)
- Student financial aid

35. Check "Yes" if either of your parents (for whom you are providing information) meets **all** of the following descriptions for a displaced homemaker:

   - your parent has not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more) but has, during those years, worked in the home providing unpaid services for family members, **and**
   - your parent has been dependent on public assistance or on the income of another family member but is no longer receiving that income, or your parent is receiving public assistance because of dependent children in the home, **and**
   - your parent is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

   "Unemployed" means not working this week but being available for work. To qualify, your parent must have made specific efforts to get a job sometime during the last four weeks.

   "Underemployed" means working part-time even though your parent wants full-time employment. It refers to a condition where work is slack or only part-time work is available.

   Check "No" if neither of your parents meets **all** the descriptions mentioned above.

36. Write in the age of the older parent for whom you gave information on this form.

38. **Home.** If your parents own a home, write in how much the home is worth. Use the price your parents could reasonably expect to receive for their home if it went on sale **today**. **Don't** use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. If your parents are renters, write in "0."

   Then, write in how much your parents owe on the home, including the present mortgage and related debts on the home. *(Don't include interest due.)* Check with the mortgage company if you don't know.

39. **Other real estate and investments.** If your parents own other real estate *(including rental property, land, second or summer homes)* or have investments, write in how much they are worth **today**. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts *(including mortgages held)*, commodities, precious and strategic metals, etc.

   Then, write in how much your parents owe on other real estate and investments.

40. **Business and farm.** If your parents own a business and/or farm, write in how much the business and/or farm are worth today. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. *(Home value and debt should be given in question 38.)*

   Then, write in what your parents owe on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

   If your parents are not the sole owners, write in only their share of the total value and debt.

Section G: Your (& your spouse's) assets

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

You must give information about your (and your spouse's) assets in Section G. If you are divorced or separated and you and your spouse have jointly owned assets, give only your portion of the assets and debts. If you (and your spouse) have assets owned jointly with someone else, give only your (and your spouse's) portion of the assets and debts. Be sure to give information about assets held in trust for you (and your spouse).

In Section G, **don't include:**

- Personal or consumer loans, or any debts that are not related to the assets listed
- The value of retirement plans (pension funds, annuities, IRAs, Keogh Plans, etc.)
- Student financial aid

35. Check "Yes" if you or your spouse meets **all** of the following descriptions for a displaced homemaker:

   - you or your spouse has not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more) but has, during those years, worked in the home providing unpaid services for family members, **and**
   - you or your spouse has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or you or your spouse is receiving public assistance because of dependent children in the home, **and**
   - you or your spouse is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

   "Unemployed" means not working this week but being available for work. To qualify, you or your spouse must have made specific efforts to get a job sometime during the last four weeks.

   "Underemployed" means working part-time even though you want or your spouse wants full-time employment. It refers to a condition where work is slack or only part-time work is available.

   Check "No" if neither you nor your spouse meets **all** of the descriptions mentioned above.

38. **Home.** If you (and/or your spouse) own a home, write in how much the home is worth. Use the price you could reasonably expect to receive for the home if it went on sale **today**. **Don't** use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. Renters, write in "0."

Then, write in how much you (and/or your spouse) owe on the home, including the present mortgage and related debts on the home. *(Don't include interest due.)* Check with the mortgage company if you don't know.

39. **Other real estate and investments.** If you (and/or your spouse) own other real estate *(including rental property, land, second or summer homes)* or have investments, write in how much they are worth **today**. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts *(including mortgages held)*, commodities, precious and strategic metals, etc.

Then, write in how much you (and/or your spouse) owe on other real estate and investments.

40. **Business and farm.** If you (and/or your spouse) own a business and/or farm, write in how much they are worth **today**. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. *(Home value and debt should be given in question 38.)*

Then, write in what you (and/or your spouse) owe on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

If you (and your spouse) are not the sole owners, write in only your (and your spouse's) share of the total value and debt.

Section H: Your 1991-92 veterans educational benefits per month *(for the student only)*

42. **Your veterans Dependents Educational Assistance Program benefits.**

42a. Write in the amount of veterans Dependents Educational Assistance Program (Chapter 35) benefits that you expect to get per month **from July 1, 1991 through June 30, 1992. Don't include** Death Pension, or Dependency & Indemnity Compensation (DIC).

42b. Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get those benefits.

43. **Your Veterans Contributory Benefits (VEAP).**

43a. Write in the amount of Veterans Contributory Benefits (Chapter 32) that you expect to get per month **from July 1, 1991 through June 30, 1992.** *(Include both the Government and student portions.)* **Don't include** Death Pension, or Dependency & Indemnity Compensation (DIC).

43b. Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get those benefits.

Section I: Your parents' expected 1991 taxable and nontaxable income and benefits

How to figure expected amounts

This section asks about income and benefits that your parents expect to get. If your parent is divorced, separated, or widowed, don't include information about the other parent. Answer these questions as accurately as you can. If a question doesn't apply, or your parents don't expect to get any income or benefits from that source, write in "0."

44. Check "Yes" if either of your parents (for whom you are providing information) is currently certified as a **"Dislocated Worker"** (see page 11) by the appropriate State agency.

If you checked "Yes," you may be asked to document your parent's status as a dislocated worker.

Check "No" if neither of your parents is certified as a dislocated worker. Skip to question 44 in the Student (& Spouse) column.

Important: See the table on page 6 for the kinds of income and taxes to leave out of Section I.

45. and **46. 1991 income earned from work.** Include wages, salaries, and tips. See **Important** note above.

47. **1991 other taxable income.** Write in the total amount of other taxable income that your parents will report on their 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. **Don't** include any unemployment compensation or any income that you reported in questions 45 and 46.

48. **1991 U.S. income tax to be paid.** Write in the amount of income taxes that your parents expect to pay in 1991. Make sure this amount doesn't include any FICA, self-employment, or other taxes.

49. **1991 nontaxable income and benefits.** These are the same types of income and benefits that were asked for in questions 28a, 28b, 28c, and 28d.

Section I: Your (& your spouse's) expected 1991 taxable and nontaxable income and benefits

How to figure expected amounts

This section asks about income and benefits that you (and your spouse) expect to get. If you are divorced, separated, or widowed, don't include information about your spouse. Answer these questions as accurately as you can. If a question doesn't apply to you, or if you don't expect to get any income or benefits from that source, write in "0."

44. Check "Yes" if you or your spouse is currently certified as a **"Dislocated Worker"** (see page 11) by the appropriate State agency.

If you checked "Yes," you may be asked to document your status (or that of your spouse) as a dislocated worker.

Check "No" if neither you nor your spouse is certified as a dislocated worker. Skip the rest of this section.

Important: See the table on page 7 for the kinds of income and taxes to leave out of Section I.

45. and **46. 1991 income earned from work.** Include wages, salaries, and tips. See **Important** note above.

47. **1991 other taxable income.** Write in the total amount of other taxable income that you (and your spouse) will report on your 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. **Don't** include any unemployment compensation or any income that you reported in questions 45 and 46.

48. **1991 U.S. income tax to be paid.** Write in the amount of income taxes that you and your spouse expect to pay in 1991. Make sure this amount doesn't include any FICA, self employment, or other taxes.

49. **1991 nontaxable income and benefits.** These are the same types of income and benefits that were asked for in questions 28a, 28b, 28c, and 28d.

Sending In Your Form

If you are applying only for Federal student aid - other than a Stafford Loan - you have finished the application. Double check your form to make sure it is complete and accurate. Be sure it has the necessary signatures.

Put the form in the envelope provided in this booklet. Don't send money. Don't put letters, tax forms, worksheets, or any extra materials in the envelope. **They will be destroyed.**

If you are applying for institutional or state aid as well as Federal aid (including a Stafford Loan), you may be required to complete the remaining sections of this form. Check with your financial aid administrator to determine the school's requirements.

Special Instructions/Definitions

Dislocated Worker. To be considered a dislocated worker, you must be currently certified as one by a State agency such as your local Employment Service or Job Service. This certification is done in accordance with Title III of the Job Training Partnership Act. A dislocated worker generally means a person who:

- has been terminated or laid off or has received a notice of termination or lay-off;
- has been terminated or received a notice of termination as a result of permanent closure of a plant or other facility; **or**
- was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster.

Foreign Tax Return. If you and your spouse, or your parents, **won't** be filing a U.S. income tax return in 1990 (for example: Puerto Rican tax filers), follow the instructions below.

- In question 22, check the box "completed 1990 IRS Form 1040" (if a foreign tax return has been filed), or "estimated 1990 IRS Form 1040" (if a foreign tax return will be filed).
- use the information from that tax return to fill out this form.
- convert all figures to U.S. dollars, using the exchange rate that is in effect **today**, and
- fill out the Supplemental Information (Sections F - I.)

Legal Guardian. A legal guardian is a person who a court has:

- appointed to be your legal guardian and this legal relationship will continue after June 30, 1992; **and**
- directed to support you with his or her own financial resources.

Native American. If you are a Native American, report the amount of income and assets over $2,000 per individual payment that you and your spouse or your parents received in 1990 from the Per Capita Act or the Distribution of Judgment Funds Act. If $2,000 or less per individual payment was received from either of these Acts, don't report it. Don't report funds received as an award under the Alaska Native Claims Settlement Act or the Maine Indian Claims Settlement Act. Also, don't report any assets received from the Alaska Native Claims Settlement Act.

Additional Information On The Federal Student Financial Aid Programs

No. More than 8,600 schools do take part in one or more of them. Contact your school's financial aid administrator to find out which Federal programs your school participates in.

This booklet gives you only a brief summary of the student financial aid programs offered by the U.S. Department of Education. Each student financial aid program has its own special features and procedures. You can get more information from the booklet **The Student Guide: Financial Aid from the U.S. Department of Education - Grants, Loans, and Work-Study 1991-92**. To get a free copy, write to:

Federal Student Aid Information Center
P.O. 84
Washington, D.C. 20044

Within four to six weeks after you mail in your form, CSX (under contract to the U.S. Department of Education) will send you a **Student Aid Report** (SAR). On the SAR will be either a request for further information or numbers called a **Pell Grant Index** (PGI) and a **Family Contribution** (FC). We use formulas established by law to figure these numbers from the information you give us. Your school or the U.S. Department of Education may ask you to prove that the information you give on your application is true.

The PGI is a number that tells whether you may be able to get a Pell Grant. If you are eligible for a Pell Grant, your school will use this number to determine the amount of your award. Even if you don't qualify for a Pell Grant, you may still qualify for one or more of the other Federal programs. Be sure to ask your financial aid administrator if your school needs any additional information from you for these other programs.

The FC is a number that helps your financial aid administrator determine if you are able to get one of the several available forms of assistance. These include Stafford Loan, SEOG, CWS, and Perkins Loan. Your school will use this number to determine the amount of your grant, loan or work-study award.

If you don't get a SAR within four to six weeks, or you need another copy of your SAR, write to:

Federal Student Aid Programs
c/o CSX Commercial Services, Inc.
P.O. Box 53378
Jacksonville, FL 32201

Give your name, address, social security number, and date of birth. Be sure to ask for another copy of your **1991-92 SAR**. If your address has changed since you sent in your application, be sure to give us both your old and your new address. Be sure to sign your letter.

- Questions 11, 15, 18, 19, 20, and 21 ask you to make projections for the upcoming year. If your answers to these questions change, **wait** until you receive your SAR and then see your financial aid administrator.
- The income and expenses information that you give must be accurate. They must match what is or will be on your 1990 income tax forms. If your financial situation has recently changed, contact your financial aid administrator.

Worksheet #1	For question 24 Parents	For question 24 Student/Spouse
Wages, salaries, tips, etc.	$ .00	$ .00
Interest income	+ .00	+ .00
Dividends	+ .00	+ .00
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, social security, Railroad Retirement, and all other taxable income— **see the tables on pages 6 and 7 and the instructions for question 24**)	+ .00	+ .00
Add all of the numbers in the column	= .00	= .00
Subtract IRS allowable adjustments to income (payments to IRA and Keogh Plans, interest penalty on early withdrawal of savings, and alimony paid)	- .00	- .00
TOTAL - This is your answer for question:	**#24** $ .00	**#24** $ .00

Worksheet #2	For question 29d Parents	For question 29d Student/Spouse
Amounts from IRS tax forms		
Deductible IRA and/or Keogh payments from Form 1040 total of lines 24a, 24b, and 27 **or** 1040A line 15c	$ .00	$ .00
Earned income credit from Form 1040 line 57 **or** 1040A line 28c	+ .00	+ .00
Untaxed portions of pensions from Form 1040 line 16a minus 16b and 17a minus 17b **or** 1040A line 10a minus 10b and 11a minus 11b (excluding "rollovers")	+ .00	+ .00
Credit for Federal tax on special fuels from Form 1040 line 60	+ .00	+ .00
Foreign income exclusion from Form 2555 line 39	+ .00	+ .00
Tax exempt interest income from Form 1040 line 8b **or** 1040A line 8b	+ .00	+ .00
Other Untaxed Income and Benefits		
Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings). Include untaxed portions of 401(k) and 403(b) plans.	+ .00	+ .00
Welfare benefits (except AFDC or ADC, which you should have reported in question 29b)	+ .00	+ .00
Workers' Compensation	+ .00	+ .00
Veterans' noneducational benefits such as Death Pension, Dependency & Indemnity Compensation (DIC), etc.	+ .00	+ .00
Housing, food, and other living allowances (excluding rent subsidies for low income housing) paid to members of the military, clergy, and others (including cash payments and cash value of benefits)	+ .00	+ .00
Cash support or any money paid on your behalf, including support from a non-custodial parent	XXXXXXXXX	+ .00
Any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, untaxed portions of Railroad Retirement Benefits, or Job Training Partnership Act noneducational benefits	+ .00	+ .00
TOTAL - This is your answer for question:	**#29d** $ .00	**#29d** $ .00

Don't include:

- Social security
- Any income reported elsewhere on the form
- Money from student financial aid
- Food stamps
- Gifts and support, other than money, received from friends or relatives
- Veterans educational benefits (GI Bill, Dependents Educational Assistance Program, VA Vocational Rehabilitation Program, VA Contributory Benefits, etc.)
- "Rollover" pensions

We urge you to keep these worksheets. Don't send them in with your application form. You may be asked to refer to them later to verify the information on your application. (It may also help you to show that your SAR is accurate.)

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Instructions for Additional Information Needed by the State of Mississippi

IMPORTANT: It is necessary for each applicant to complete Sections F through I of this form in order to receive full consideration for State and institutional aid, even if you are not required to do so for Federal student aid.

Section J: Guaranteed Student Loan Information

Answering these questions now may avoid unnecessary delays in getting the financial aid you may need later. Answering the questions in this section does not commit you to accept a loan, nor does it guarantee that you are eligible for a loan. It simply provides most colleges with the information they need to offer you a complete package of financial aid resources that you can either accept or reject.

50. Self-explanatory.

51a. Add up all the Stafford and GSL loans you have received for every educational institution you have attended.

51b - e. Answer only for your most recent Stafford or GSL loan.

52. Include loans you received for educational expenses from any person, governmental agency, or organization except the U.S. Department of Education or MGSLA.

53., 54., 55., 56. and **57.** Self-explanatory.

58. Indicate the month and year you expect to complete the program of study for which you are seeking this loan. **Do not include** anticipated graduate study or enrollment in a different program.

59. Give the date of the beginning of the first term and the last day of the ending term you plan to attend.

60. Self-explanatory.

61. Refer to the Lender Code list in the booklet. If your lender does not appear, write in the lender's full name and address, and leave the code blank.

Section K: Additional Applicant and Spouse Information

62. and **63.** Self-explanatory.

64. The financial aid office will award you any grant and scholarship aid(s) to which you are entitled. To fill the remainder of your financial need, a serious response indicating your preference for self-help is very important.

65. Self-explanatory.

66., 67., 68., 69. and **70.** This information will enable the financial aid office to more accurately determine the appropriate amount and type of self-help for you.

71., 72. and **73.** Self-explanatory.

74. Applicants interested in being considered for the various Grant and Scholarship programs administered by the Mississippi Post-secondary Education Financial Assistance Board should indicate "yes" to this question. Mississippi residency is required.

75. Enter the code from the list below for the county in which you legally reside.

Adams	01	Grenada	22	Lincoln	43	Simpson	64
Acorn	02	Hancock	23	Lowndes	44	Smith	65
Amite	03	Harrison	24	Madison	45	Stone	66
Attala	04	Hinds	25	Marion	46	Sunflower	67
Benton	05	Holmes	26	Marshall	47	Tallahatchie	68
Bolivar	06	Humphreys	27	Monroe	48	Tate	69
Calhoun	07	Issaquena	28	Montgomery	49	Tippah	70
Carroll	08	Itawamba	29	Neshoba	50	Tishomingo	71
Chickasaw	09	Jackson	30	Newton	51	Tunica	72
Choctaw	10	Jasper	31	Noxubee	52	Union	73
Claiborne	11	Jefferson	32	Oktibbeha	53	Walthall	74
Clarke	12	Jeff Davis	33	Panola	54	Warren	75
Clay	13	Jones	34	Pearl River	55	Washington	76
Coahoma	14	Kemper	35	Perry	56	Wayne	77
Copiah	15	Lafayette	36	Pike	57	Webster	78
Covington	16	Lamar	37	Pontotoc	58	Wilkinson	79
Desoto	17	Lauderdale	38	Prentiss	59	Winston	80
Forrest	18	Lawrence	39	Quitman	60	Yalobusha	81
Franklin	19	Leake	40	Rankin	61	Yazoo	82
George	20	Lee	41	Scott	62	Out of State	99
Greene	21	Leflore	42	Sharkey	63		

76. Self-explanatory.

STAFFORD LOANS (formerly GUARANTEED STUDENT LOANS)

Stafford Loans are low interest loans made to you by a lender such as a bank, credit union, or savings and loan association. **YOU MUST REPAY THIS MONEY.** These loans are for both undergraduate and graduate students who are going to school at least half time. (Note: The information you provide on this form serves two purposes. It helps MGSLA determine your need for a Stafford Loan. It also begins the application process. Be sure to complete all questions.)

LOAN AMOUNTS: The academic year loan limits are: 1. $2,625 for the first and second level of undergraduate study; 2. $4,000 for subsequent levels of undergraduate study; 3. $7,500 for graduate and professional students. The aggregate loan limits are: 1. $17,250 for undergraduate students; 2. $54,750 for graduate and professional students (this includes undergraduate borrowing).

NEED ANALYSIS: All Stafford Loan applicants will be subject to a need analysis. The loan may not be more than the educational expenses minus financial aid minus the family contribution. The loan amount may not be more than the amount recommended by the school.

INTEREST RATES: The base rate of interest for Stafford Loans is either 7%, 8%, 9% or 8%-10%. The interest rate is determined by the beginning enrollment period and any outstanding Stafford Loan balance. A student who has an outstanding 7% or 9% loan will continue to borrow at that interest rate. The interest rate is 8% for periods of instruction which began on or after September 13, 1983. For new borrowers with no outstanding balance after 7-1-88, the interest rate will be 8% for the first 4 years of repayment and 10% per year thereafter.

ORIGINATION FEE: The Federal Government charges an Origination Fee for each loan disbursed. The fee will be deducted from the proceeds of the loan before the lender disburses the check to the student's school.

FEDERAL INTEREST BENEFITS: Interest is paid by the Federal Government while the student continues to be enrolled in school at least half-time and during the grace period (if the student chooses to use the grace period).

STAFFORD LOAN PROCESSING: If you and your financial aid officer agree you need a loan, a Stafford Loan Application/Promissory Note will be printed for you to review, sign and submit to your lender before funds can be sent to your school.

APPROVED LENDERS: Loans are made by participating banks, savings and loan associations and credit unions. A list of eligible lenders is included in this Application for Federal and State Student Aid (AFSSA). "Eligible" status does not require the lender to honor every request submitted.

APPROVED SCHOOLS: Most accredited colleges, universities, schools of nursing and trade and technical schools in the U.S. are eligible. Some educational institutions in foreign countries are also eligible.

REPAYMENT OF LOAN: The student must contact the lending institution within 5 months after ceasing at least half-time study to arrange for the repayment of the loan, whether or not the student has graduated. For 8% and 9% loans, payments of not less than $50.00 per month must begin within 7 months after graduation or ceasing at least half-time study. For 7% loans, payments must begin within10 months after graduation or ceasing at least half-time study. The usual repayment period will be approximately 60 months. The maximum repayment period is 120 months.

DEFERMENT OF REPAYMENT: There are certain authorized periods during which a student may qualify for a deferment of payments of principal (loan amount). The student should contact the lender for more information.

REVIEW OF RESPONSIBILITIES:

1. The student must use the loan funds only for the educational expenses certified by the school's financial aid administrator. The student faces prosecution if the funds are used for any other purposes.

2. The student must report any changes in status immediately to the lender, in order to keep the account current and to prevent a possible default. These include changes in name, address, school or enrollment status. The student must answer promptly any questionnaire sent by the lender, the school or the state.

3. The student must contact the lender within 5 months after ceasing to be at least a half-time student. This must be done to arrange for the repayment of the loan.

WARNING: Failure to repay the loan will result in an adverse credit rating, possible garnishment of wages, lien on property and possible litigation.

PARENT LOANS FOR UNDERGRADUATE STUDENTS AND SUPPLEMENTAL LOANS FOR STUDENTS

The Mississippi Guarantee Student Loan Agency (MGSLA) also guarantees loans made under the PLUS and Supplemental Loans for Students (SLS) Programs. You may qualify to receive a PLUS loan if you are the parent of a dependent undergraduate student or dependent graduate/professional student. You may qualify to receive an SLS if you are an independent undergraduate student, or you are a graduate/professional student. In exceptional circumstances, you may qualify to receive an SLS if you are a dependent undergraduate student.

The borrower must use the loan to pay for the student's school costs. Submission of the PLUS-SLS Application in no way assures the borrower of receiving a loan. The school must certify the student's eligibility. The borrower must submit the completed Application to an eligible lender.

The borrower should investigate the availability of other forms of financial assistance (e.g., grants, work-study, etc.) before applying for this loan.

The necessary application form(s) will be sent to you if you responded "yes" to questions 50.c and/or 50.d.

ELIGIBILITY FOR A PLUS LOAN

Parent Eligibility (PLUS)

To be an eligible parent for a PLUS Loan, you must meet the following requirements:

1. Be the natural or adoptive mother or father or legal guardian of the student.
2. Have a child who is enrolled or accepted for enrollment in a degree or certificate program at an eligible educational institution participating in the Mississippi PLUS Loan Program. If your child is enrolled or accepted for enrollment in a foreign school, he/she must be a national of the United States.
3. Be a citizen/national of the United States or be a permanent resident with a proper visa.
4. Not be in default on any educational loan authorized under Title IV of the Higher Education Act of 1965, as amended, or owe a refund on a Title IV grant.
5. Have not exceeded any of the loan limitations of the program.
6. Meet other eligibility criteria as may be specified by your lender.

Student Eligibility for a Parent as the Borrower (PLUS)

To be an eligible student with your parent as the borrower, you must meet the following requirements:

1. Be enrolled or accepted for enrollment in a degree or certificate program at an eligible educational institution participating in the Mississippi PLUS Loan Program. If you are enrolled or accepted for enrollment in a foreign school, you must be a national of the United States.
2. Be enrolled as at least a half-time student.
3. Be making satisfactory academic progress, as determined by the educational institution.
4. Be a citizen/national of the United States or be a permanent resident with a proper visa.
5. Not be in default on any educational loan authorized under Title IV of the Higher Education Act of 1965, as amended, or owe a refund on a Title IV grant.
6. Have not exceeded any of the loan limitations of the program.
7. Meet other eligibility criteria as may be specified by your lender.

ELIGIBILITY FOR SUPPLEMENTAL LOANS FOR STUDENTS (SLS)

To be an eligible student borrower, you must meet the following requirements:

1. Be an independent undergraduate student or a graduate/professional student; or
2. Be a dependent undergraduate student with exceptional circumstances as determined by the Financial Aid Administrator.
3. Be enrolled or accepted for enrollment in a degree or certificate program at an eligible educational institution participating in the Mississippi SLS Program. If you are

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enrolled or accepted for enrollment in a foreign school, you must be a national of the United States.

4. Be enrolled as at least a half-time student.
5. Be making satisfactory academic progress, as determined by the educational institution.
6. Be a citizen/national of the United States or be a permanent resident with a proper visa.
7. Not be in default on any educational loan authorized under Title IV of the Higher Education Act of 1965, as amended, or owe a refund on a Title IV grant.
8. Have not exceeded any of the loan limitations of the program.
9. Have your eligibility or ineligibility determined for a Pell Grant and Stafford Loan through a need analysis system processed by the school you plan to attend.
10. Meet other eligibility criteria as may be specified by your lender.

LOAN LIMITATIONS (PLUS and SLS)

In no case can the amount of the loan approved exceed the total estimated cost of attendance minus any estimated financial assistance from other programs. The actual amount, up to the maximums, is limited to the amount the lender approves or the borrower requests.

The annual loan limit on PLUS Loans is $4,000 for each student (with an aggregate limit of $20,000 per child). The annual loan limit on an SLS is $4,000 (with an aggregate limit of $20,000, which includes any portion of a Consolidation Loan that the student received to repay an SLS). These maximums apply to the entire PLUS or SLS Program. If you have received loans from more than one lender, you are responsible for ensuring that each of your lenders is aware of all your other SLS or PLUS Loans.

INTEREST RATES

The PLUS/SLS loans will have a variable interest rate. The variable interest rate for any 12-month period beginning July 1 and ending June 30 equals the bond equivalent rate of the 52-week Treasury Bills auctioned at the final auction held prior to June 1 plus 3.25%. However, the rate may not exceed 12%. The new rate will be determined by the Secretary of Education and will become effective on July 1 of each year. You will receive notification of the new rate each year. The interest rate in effect for this loan will be shown in the Disclosure Statement.

GUARANTEE FEE

In addition to the interest and in return for the MGSLA's guarantee of your loan, you are required to pay a one-time guarantee fee for each loan. The exact rate and amount of this fee will be shown in your Disclosure Statement.

LOAN REPAYMENT PROVISIONS

A borrower under the PLUS and SLS Program is required to repay the lender the full amount borrowed including the interest. Interest on the SLS or PLUS Loan is not subsidized by the Federal Government. The repayment period on the loan begins the day the loan is disbursed, and interest begins to accrue that day. For a PLUS Loan the first payment is due within 60 days after the date of the loan is disbursed, unless deferred. For an SLS the first payment is due within 60 days after the date of the last disbursement, unless deferred. The borrower must make minimum monthly payments of $50 ($600 annually) to all holders of PLUS, SLS and Stafford Loans, unless the borrower and the lender agree to a lesser amount.

Generally, a borrower is allowed at least 5 years, but not more than 10 years, to repay the loan.

- The lender may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period you or, if both your spouse and you have Stafford Loans, SLS and PLUS Loans outstanding, you and your spouse pay toward principal and interest at least $600 or the unpaid balance of all such loans (including interest), whichever is less.

- If you qualify for postponement of your payments during any period described under DEFERMENT in the Promissory Note, or if the lender grants "forbearance", those periods will not be included in the 5- and 10-year periods mentioned above.

If the student to whom or on whose behalf the loan was made has not been or will not be enrolled as expected after the loan has been disbursed, then full payment of the loan is due immediately. If the borrower dies, becomes totally and permanently disabled, or in certain cases, has his/her debts discharged in bankruptcy, the borrower/endorser is not obligated to make further payments on the loan.

If a PLUS Loan is obtained by two parents as co-makers and only one of the borrowers dies, becomes totally and permanently disabled, or has his or her loan obligation discharged in bankruptcy, the other borrower remains obligated to repay the loan.

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INFORMATION ON THE PRIVACY ACT AND USE OF YOUR SOCIAL SECURITY NUMBER

The Privacy Act of 1974 requires that each Federal agency that asks for your social security number or other information must tell you the following:

1. Its legal right to ask for the information and whether the law says you must give it.

2. What purpose the agency has in asking for it and how it will be used.

3. What could happen if you do not give it.

You must give your social security number (SSN) to apply for Federal student financial aid. The U.S. Department of Education's legal right under the Title IV programs to require that you provide us with your social security number is based on Sections 484(a)(4) of the Higher Education Act of 1965, as amended. The SSN is used under the Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study programs in recording information about your college attendance and progress, and in making sure that you have received your money. The SSN is also used under the Stafford Loan and Perkins Loan programs to identify the applicant to determine program eligibility and benefits and to permit servicing and collecting of the loans.

If you are applying for Federal student aid only, you must fill out everything except questions 29, 30, and 31. If you skip question 30 we will count your answer as "No" for both parts of that question. If you are applying for a Pell Grant only, you can skip question 5, 36 and 43.

The authority to request all other information (except the SSN) is based on sections 411A, 411B, 411C, 411D, 411F, 474, 475, 476, 477, 479, and 480 of the Higher Education Act of 1965, as amended. This information is used to determine the amount of Federal student aid for which you may be qualified.

The information which you supplied may be disclosed to third parties that the Department has authorized to assist in administering Federal student aid programs. This disclosure may include private firms that the Department contracts with for the purpose of collating, analyzing, totalling or refining records in the system and who are required to maintain safeguards under the Privacy Act. This may also be accomplished through computer matching programs such as the ones currently conducted with the Selective Service System and the Immigration and Naturalization Service.

We will provide your name, address, social security number, date of birth, student aid indices, student status, year in college, and State of legal residence to the college(s) that you list in question 29a, 29b, and 29c (or its representative), even if you check "No" in question 30b. This information will also go to the State agencies in your State of legal residence to help coordinate State financial aid programs with Federal student aid programs. We will provide calculations and determination of eligibility to the agency with which you filed a student aid application, or another similar agency, if you request us to do so. That agency may also release information received from the Department to colleges, State Scholarship agencies, and loan guarantee agencies that you have designated to receive information. Also, we may send information to members of Congress if you ask them to help you with Federal student aid questions. If your parents or your spouse provided information on the form they may also request to see all the information on the application.

If the Federal government, the Department, or an employee of the Department is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain other conditions are met. The information may also be made available to Federal agencies which have the authority to subpoena other Federal agencies' records. In addition, we may send your information to a foreign, Federal, State, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim which is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record, the amount, status and history of the claim and the program under which the claims arose.

Remember, we must receive your application by May 1, 1992.

STATE OF MISSISSIPPI

School Code List

CODE	NAME	CITY
017235	Advance School of Cosmetology	Natchez
002396	Alcorn State University	Lorman
011517	American Beauty College, Inc.	Gulfport
017326-0	American College	Jackson
017326-1	American College	Vicksburg
G25697-1	Amherst Career College	Greenwood
G24996	Atlantic Career Institute	Hattiesburg
002397	Belhaven College	Jackson
002398	Blue Mountain College	Blue Mountain
025860	Brock's Hair Design College	Carthage
G25813	Career Development Institute	Gulfport
G24998	Career Development Institute	Meridian
016323	Charm's Beauty School	Jackson
013902	Chris' Beauty College, Inc.	Gulfport
002400	Clarke College	Newton
002401	Coahoma Community College	Clarksdale
G25705-1	Commercial Driver Institute, Inc.	Gulfport
002402	Copiah-Lincoln Community College	Wesson
016838	"Creations" College of Cosmetology	Tupelo
014335	Delta Beauty College	Greenville
G10063	Delta Career College	Natchez
002403	Delta State University	Cleveland
016922	Delta Technical Institute	Cleveland
G22602	Diesel Driving Academy, Inc	Jackson
008550	Draughon's Business College	Jackson
002404	East Central Community College	Decatur
002405	East Mississippi Junior College	Scooba
002405	East Mississippi Community College, Golden Triangle Campus	Mayhew
017190	Finesse Beauty College, Inc	Natchez
015898	Foster's Cosmetology College	Ripley
014397	Grenada Beauty College	Grenada
016511	Hattiesburg School of Cosmetology	Hattiesburg
002407	Hinds Junior College	Raymond
002407	Hinds Community College-Utica Campus	Utica
002408	Holmes Junior College	Goodman
002409	Itawamba Community College	Fulton
016093	Jackson Academy of Beauty	Jackson
014976	Jackson Hair Design College	Jackson
002410	Jackson State University	Jackson
014018	Jeffie Liles Academy of Hair Design	Oxford
002411	Jones County Junior College	Ellisville
016768	Ligon's Cosmetology College	Corinth
016788	Magnolia Bible College	Kosciusko
002412	Mary Holmes College	West Point
002413	Meridian Community College	Meridian
016401	Milady's School of Cosmetology	Vicksburg
002414	Millsaps College	Jackson
012156	Mississippi Baptist Medical Center School of Radiology	Jackson
002415	Mississippi College	Clinton
014574	Mississippi College of Beauty Culture	Laurel
002416	Mississippi Delta Community College	Moorhead
002418	Mississippi Gulf Coast Community College, Jackson County Campus	Gautier
002419	Mississippi Gulf Coast Community College, Jefferson Davis Campus	Gulfport
002417	Mississippi Gulf Coast Community College, Perkinston Campus	Perkinston
002423	Mississippi State University	Mississippi State
002422	Mississippi University for Women	Columbus
002424	Mississippi Valley State University	Itta Bena
025903	Modern Beauty College	Houston
016670-2	Moore Career College	Hattiesburg
016670-0	Moore Career College	Jackson
016670-1	Moore Career College	Meridian
015771	Nita's Beauty College	New Albany
015212	North Mississippi Medical Center School of Medical Technology	Tupelo
002426	Northeast Mississippi Community College	Booneville
002427	Northwest Mississippi Community College	Senatobia
016743	Pascagoula Beauty Academy	Pascagoula
002430	Pearl River Junior College	Poplarville
009221	Phillips Junior College	Gulfport
011904	Phillips Junior College	Jackson
017007-0	Phoenix College	Gautier
017007-1	Phoenix College	Gulfport
G04939	Rice College	Jackson
G13024	Riley College	Columbus
G13024	Riley College	Greenville
G13024	Riley College	Pascagoula
002433	Rust College	Holly Springs
016424	The Shirley Little Academy of Cosmetology	Jackson
015024	Southeastern Baptist College	Laurel
016860	Southern Technical College	Jackson
002436	Southwest Mississippi Junior College	Summit
002439	Tougaloo College	Tougaloo
016501	Tupelo School of Beauty Culture, Inc.	Tupelo
002440	University of Mississippi	University
0046888	University of Mississippi Med Center	Jackson
002441-0	University of Southern Mississippi	Hattiesburg
002441-1	University of Southern Mississippi Gulf Park Campus	Long Beach
015779	Vogue College of Cosmetology #22	Jackson
G25162	Wesley Biblical Seminary	Jackson
011461	Wesley College	Florence
002447	William Carey College	Hattiesburg
002448	Wood Junior College	Mathiston

STATE OF MISSISSIPPI

Lender Code List

CODE	NAME	CITY
822649	Bank of Benoit	Benoit
827867	Bank of Forest	Forest
818759	Bank of Holly Springs	Holly Springs
806627	Bank of Mississippi	Tupelo
806621	Bank of Morton	Morton
814841	Bank of New Albany	New Albany
826587	Bank of Philadelphia	Philadelphia
829272	Bank of Simpson County	Magee
806639	Bank of Wiggins	Wiggins
818819	Batesville Security Bank	Batesville
806647	Carthage Bank	Carthage
820367	Citizens Bank and Trust Company	Marks
806651	Citizens Bank of Philadelphia	Philadelphia
806658	Cleveland State Bank	Cleveland
828799	Commercial Bank	Dekalb
825497	Covington County Bank	Collins
814108	Deposit Guaranty National Bank	Jackson
827642	Dixie National Life Ins Company	Jackson
820527	First Bank	Magnolia
831167	First Columbus National Bank	Columbus
820468	First Federal Bank for Savings	Columbus
822569	First Federal Savings and Loan Association of Greenwood	Greenwood
806672	First National Bank of Clarksdale	Clarksdale
823003	First National Bank of Lucedale	Lucedale
806681	First National Bank of New Albany	New Albany
806682	First National Bank of Oxford	Oxford
820588	First National Bank of Picayune	Picayune
823109	First National Bank of Rosedale	Rosedale
806673	First National Bank of Vicksburg	Vicksburg
831694	First National Bank of Wiggins	Wiggins
820839	First State Bank	Holly Springs
831575	Great Southern National Bank	Meridian
829963	Gulfport VA Federal Cr Union	Gulfport
806689	Hancock Bank	Gulfport
829442	Iuka Guaranty Bank	Iuka
814671	Jackson USDA Federal Credit Union	Jackson
806695	Keesler Federal Credit Union	Biloxi
822501	MCC Employees Federal Cr Union	Yazoo City
831770	MESCE Federal Credit Union	Jackson
822751	Magnolia Federal Bank	Hattiesburg
806700	Merchants and Farmers Bank	Kosciusko
806701	Merchants and Farmers Bank	Macon
806710	Merchants and Manufacturers Bank	Laurel
806711	Merchants National Bank	Vicksburg
827010	Millsaps College	Jackson
826582	Mississippi Post-Secondary Education Financial Assistance Board	Jackson
806715	National Bank of Commerce	Corinth
806722	National Bank of Commerce of MS	Starkville
806720	Newton County Bank	Newton
806721	Old South Federal Credit Union	Natchez
806729	Peoples Bank of the Delta	Indianola
820644	Perry County Bank	New Augusta
826355	Planters Bank and Trust Company	Indianola
820827	Richton Bank and Trust Company	Richton
806735	Security Bank of Amory	Amory
826405	Senatobia Bank	Senatobia
821558	Smith County Bank	Taylorsville
806739	State Bank and Trust Company	Brookhaven
806740	State Bank and Trust Company	Collins
827568	Sunburst Bank	Grenada
806728	The Peoples Bank	Ripley
806725	The Peoples Bank and Trust Co	Tupelo
813721	Trustmark National Bank	Jackson
806706	Unisouth Banking Corporation	Columbus
806616	United Southern Bank	Clarksdale

Application for Federal and State Student Aid

1991-92 School Year — *State of Mississippi*

WARNING: If you purposely give false or misleading information on this form, you may be fined $10,000, sent to prison, or both.

"You" and "your" on this form always mean the student who wants aid.

Section A: Yourself

1. Your name — Last / First / M.I.
2. Your permanent mailing address (Mail will be sent to this address. See page 3 for State/Country abbreviation.) — Number and Street (Include Apt. No.) / City / State / ZIP Code
3. Your title (optional)
   1 ❑ Mr.
   2 ❑ Miss, Ms., or Mrs.
4. Your State of legal residence — State
5. Your social security number
6. Your date of birth — Month / Day / Year
7. Are you a U.S. citizen?
   1 ❑ Yes. I am a U.S. citizen.
   2 ❑ No, but I am an eligible noncitizen. *(See the instructions on page 3.)* [A]
   3 ❑ No, neither of the above. *(See the instructions on page 3.)*
8. As of **today**, are you married? *(Check only one box.)*
   1 ❑ I am not married. (I am single, divorced, or widowed.)
   2 ❑ I am married.
   3 ❑ I am separated from my spouse.
9. What year will you be in college in 1991-92? *(Check only one box.)*
   1 ❑ 1st *(never previously attended college)*
   2 ❑ 1st *(previously attended college)*
   3 ❑ 2nd 4 ❑ 3rd 5 ❑ 4th
   6 ❑ 5th or more undergraduate
   7 ❑ first year graduate/professional (beyond a bachelor's degree)
   8 ❑ Continuing graduate or professional
10. Will you have your first Bachelor's degree before July 1, 1991?
    ❑ Yes ❑ No

Section B: Student Status

11. **a** Were you born **before** January 1, 1968? — Yes ❑ No ❑
    b Are you a veteran of the U.S. Armed Forces? — Yes ❑ No ❑
    c Are you a ward of the court or are both your parents dead? — Yes ❑ No ❑
    d. Do you have legal dependents *(other than a spouse)* that fit the definition in the instructions on page 4? — Yes ❑ No ❑

If you answered **"Yes"** to **any** part of question 11, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form. (Skip questions 12 through 15.)

If you answered **"No"** to **every** part of question 11, **and** you are

- Unmarried now (single, divorced, separated, or widowed) **and** will be an undergraduate student in 1991-92, answer question 12. (Skip question 15.)
- Married now **or** will be a graduate/professional student in 1991-92, answer question 15. (Skip questions 12 through 14e.)

Unmarried Undergraduate Students Only

12. Did your parents claim you as an income tax exemption?
    ... in 1989? Yes ❑ No ❑
    ... in 1990? Yes ❑ No ❑

If you answered **"Yes"** to **either** year in question 12, go to Section C and fill out the **GOLD** and the **WHITE** areas on the rest of the form. (Skip questions 13 through 15.)

If you answered **"No"** to **both** years in question 12, answer question 13 below.

13. **Beginning with the 1987-88 school year,** you **first** received Federal student aid. *(Check only one box: a, b, c, d, or e. See instructions on page 4.)*

a ❑ in the 1987-88 school year. (Answer **14a below**. Skip 14b, 14c, 14d, and 14e.)

b ❑ in the 1988-89 school year. (Answer **14b below**. Skip 14a, 14c, 14d, and 14e.)

c ❑ in the 1989-90 school year. (Answer **14c below**. Skip 14a, 14b, 14d, and 14e.)

d ❑ in the 1990-91 school year. (Answer **14d below**. Skip 14a, 14b, 14c, and 14e.)

e ❑ in neither a, b, c, or d. (Answer **14e below**. Skip 14a, 14b, 14c, and 14d.)

14a. Did you have total resources of $4,000 or more, not including parents' support
... in 1988? Yes ❑ No ❑
... in 1989? Yes ❑ No ❑

14b. Did you have total resources of $4,000 or more, not including parents' support
... in 1988? Yes ❑ No ❑
... in 1989? Yes ❑ No ❑

14c. Did you have total resources of $4,000 or more, not including parents' support
... in 1989? Yes ❑ No ❑
... in 1990? Yes ❑ No ❑

14d. Did you have total resources of $4,000 or more, not including parents' support
... in 1989? Yes ❑ No ❑
... in 1990? Yes ❑ No ❑

14e. Did you have total resources of $4,000 or more, not including parents' support
... in 1989? Yes ❑ No ❑
... in 1990? Yes ❑ No ❑

- If you answered **"No"** to **either** year in question 14a, 14b, 14c, 14d, or 14e, go to Section C and fill out the **GOLD** and the **WHITE** areas on the rest of the form.
- If you answered **"Yes"** to **both** years in question 14a, 14b, 14c, 14d, or 14e, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form.

Married or Graduate/Professional Students Only

15. Will your parents claim you as an income tax exemption in 1991? Yes ❑ No ❑

If you answered **"Yes"** to question 15, go to Section C and fill out the **GOLD** and the **WHITE** areas on the rest of the form.

If you answered **"No"** to question 15, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form.

Section C: Household information

PARENTS

16. What is your parents' current marital status?

1 ☐ single 3 ☐ separated
2 ☐ married 4 ☐ divorced
5 ☐ widowed

17. What is your parents' State of legal residence?

☐☐ State

18. Number of family members in 1991-92 ☐☐

(Always include yourself (the student) and your parents. Include your parents' other children and other people only if they meet the definition in the instructions on page 5.)

19. Number of college students in 1991-92 ☐

(Of the number in 18, write in the number of family members who will be in college at least half-time. Include yourself - the applicant.)

STUDENT (& SPOUSE)

20. Number of family members in 1991-92 ☐☐

(Always include yourself and your spouse. Include your children and other people only if they meet the definition in the instructions on page 5.)

21. Number of college students in 1991-92 ☐

(Of the number in 20, write in the number of family members who will be in college at least half-time. Include yourself.)

Section D: 1990 income, earnings, and benefits

*(You **must** see the instructions for income and taxes that you should exclude from questions 24 through 28.)*

22. The following 1990 U.S. income tax figures are from:

PARENTS

(Check only one box.)

1 ☐ a completed 1990 IRS Form 1040EZ or 1040A (Go to 23.)
2 ☐ a completed 1990 IRS Form 1040 (Go to 23.)
3 ☐ an estimated 1990 IRS Form 1040EZ or 1040A (Go to 23.)
4 ☐ an estimated 1990 IRS Form 1040 (Go to 23.)
5 ☐ a tax return will not be filed (Skip to 26.)

Everyone must fill out the Student (& Spouse) column below.

STUDENT (& SPOUSE)

(Check only one box.)

1 ☐ a completed 1990 IRS Form 1040EZ or 1040A (Go to 23.)
2 ☐ a completed 1990 IRS Form 1040 (Go to 23.)
3 ☐ an estimated 1990 IRS Form 1040EZ or 1040A (Go to 23.)
4 ☐ an estimated 1990 IRS Form 1040 (Go to 23.)
5 ☐ a tax return will not be filed (Skip to 26.)

TAX FILERS ONLY

23. 1990 total number of exemptions (Form 1040 line 6e, or 1040A line 6e, 1040EZ filers, see instructions on page 6) ☐☐

24. 1990 Adjusted Gross Income (AGI). Form 1040 line 31, 1040A line 16, or 1040EZ line 3, or see instructions on pages 6 and 7. $ _____ 00

25. 1990 U.S. income tax paid (Form 1040 line 47, 1040A line 25, or 1040EZ line 7). $ _____ 00

TAX FILERS ONLY

23 ☐☐

24. $ _____ 00

25. $ _____ 00

26. 1990 income earned from work: Father $ _____ 00

Student 26. $ _____ 00

27. 1990 income earned from work: Mother $ _____ 00

Spouse 27. $ _____ 00

28. 1990 untaxed income and benefits (~~yearly totals only~~)

28a. Social security benefits $ _____ 00

28a $ _____ 00

28b. Aid to Families with Dependent Children (AFDC or ADC) $ _____ 00

28b. $ _____ 00

28c. Child support received for all children $ _____ 00

28c $ _____ 00

28d. Other untaxed income and benefits from worksheet #2 on page 12 $ _____ 00

28d $ _____ 00

Section E: College Release and Certification

29. What college(s) do you plan to go to in 1991-92?

a. School Choice #1 — Full Name of School — Housing Code (see pg.) — School Code — Street Address — City — State

b. School Choice #2 — Full Name of School — Housing Code (see pg.) — School Code — Street Address — City — State

c. School Choice #3 — Full Name of School — Housing Code (see pg.) — School Code — Street Address — City — State

30. I give CSX permission to send information from this form and additions and corrections to that information to:

a. The U.S. Department of Education: 1. ☐ Yes 2. ☐ No
(Answer "Yes" if you want to be considered for Federal student aid; a "No" response will prevent you from receiving Pell Grant consideration.)

b. The colleges listed in item 29 on this form and other colleges I may later indicate that I may attend: 1. ☐ Yes 2. ☐ No

c. The Financial Aid Agencies and/or designated guarantor in my state: 1. ☐ Yes 2. ☐ No

31. I give the U.S. Department of Education permission to send family and financial information from this form to:

a. The Financial Aid Agencies in my State 1. ☐ Yes 2. ☐ No
(Answering "Yes" to this item gives permission for the U.S. ED to forward your data to States. You may need to complete the other items in order to be considered for State and college financial aid.)

b. The colleges listed (or its representative) in item 29: 1. ☐ Yes 2. ☐ No

32. Check this box if you give Selective Service permission to register you. (See instructions on page 8.) 1. ☐

CERTIFICATION: All of the information on this form and the Supplemental Information pages, if completed, is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form and the Supplemental Information pages, if completed. I realize that this proof may include a copy of my U.S. State or local income tax return. I also realize that if I do not give proof when asked, the student may be denied aid. EVERYONE LISTING INFORMATION ON THIS FORM MUST SIGN BELOW, OR YOU DON'T SIGN THIS FORM, IT WILL BE RETURNED UNPROCESSED.

Sign: 1. Student — 3. Father — Date Completed: Month Day Year ☐ 1991 ☐ 1992
2. Student's Spouse — 4. Mother

ATTENTION

If you are filling out the GOLD and WHITE areas, you will need to refer to Section D to complete worksheet #3A below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through I).

WORKSHEET #3A FOR THE SIMPLIFIED NEEDS TEST

1. Did or will you, your spouse, or your parents file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)
☐ Yes (Fill out Sections F through I.)
☐ No (Fill out the rest of this worksheet.)

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

Income from:	PARENTS COLUMN A	STUDENT/SPOUSE COLUMN B
2a. Question 24	$ .00	$ .00
OR		
2b. Questions 26 and 27 (use only if you left Question 24 blank)	$ .00	$ .00
3. Write in the total of column A and column B entries from Question 2.	$ .00	

If the total from line 3 is **$15,000 or less**, and you are applying only for Federal student aid, mail the form. **You do not have to fill out the Supplemental Information** in Sections F through I (unless you, your spouse or at least one of your parents is a dislocated worker or your school or State asks you to). **Mail the form to:** CSX, P.O. Box 52635, Jacksonville, FL 32201.

If the total from line 3 is **$15,001 or more**, you **must** fill out Sections F through I.

IMPORTANT: If you wish to apply for state or institutional aid, as well as Federal aid (including a Stafford Loan), you may be required to complete all of the remaining sections of this form. Check with your financial aid administrator to determine school requirements.

MS-11

WORKSHEET #3B FOR THE SIMPLIFIED NEEDS TEST

If you are filling out the GRAY and WHITE areas, you will need to refer to Section D to complete worksheet #3B below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through I).

1. Did or will you (or your spouse) file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)
☐ Yes (Fill out Sections F through I.)
☐ No (Fill out the rest of this worksheet.)

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

Income from:	STUDENT/SPOUSE COLUMN B
2a. Question 24	$ .00
OR	
2b. Questions 26 and 27 (use only if you left Question 24 blank)	$ .00

If the total from line 2a or 2b is **$15,000 or less**, and you are applying only for Federal student aid, mail the form. You do not have to fill out the Supplemental Information in Sections F through I (unless you, or your spouse, or at least one of your parents is a dislocated worker or your school or State asks you to). Mail the form to: CSX, P.O. Box 52635, Jacksonville, FL 32201.

If the total from line 2a or 2b is **$15,001 or more**, you must fill out Sections F through I.

IMPORTANT: If you wish to apply for state or institutional aid, as well as Federal aid (including a Stafford Loan), you may be required to complete all of the remaining sections of this form. Check with your financial aid administrator to determine school requirements.

3

SUPPLEMENTAL INFORMATION

Section F: 1990 expenses

	PARENTS	STUDENT (& SPOUSE)
33. 1990 medical and dental expenses not paid by insurance	$_____.00	33. $_____.00
34. 1990 elementary, junior high, and high school tuition for dependent children		
34a. Amount paid. (Don't include tuition paid for the applicant.)	$_____.00	34a. $_____.00
34b. For how many dependent children	☐	34b. ☐

Section G: Asset information

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS		STUDENT (& SPOUSE)	
35. Is either of your parents a displaced homemaker? *(See the instructions on page 9.)*	☐ Yes ☐ No		35. Are you, or is your spouse, a displaced homemaker? *(See the instructions on page 9.)*	☐ Yes ☐ No
36. Write in the age of your older parent.	☐☐		36. XXXXXXXXXX	
	What is it worth today?	What is owed on it?	What is it worth today?	What is owed on it?
37. Cash, savings, and checking accounts	$_____.00	XXXXXXXXXX	37. $_____.00	XXXXXXXXXX
38. Home (Renters write in "0.")	$_____.00	$_____.00	38. $_____.00	$_____.00
39. Other real estate and investments	$_____.00	$_____.00	39. $_____.00	$_____.00
40. Business and farm	$_____.00	$_____.00	40. $_____.00	$_____.00
41. Does any part of item 40 include a farm?	☐ Yes ☐ No		41. ☐ Yes	☐ No

Section H: Your veterans educational benefits per month *(for the student only)*

(If you are completing this page, you must answer question 42. If you are filling out the GRAY and the WHITE areas, you must also answer question 43.)

		Expected Amount July 1, 1991 through June 30, 1992
42. Your veterans Dependents Educational Assistance Program benefits	42a. Amount per month	$_____.00 a month
	42b. Number of months	☐☐ months
43. Your Veterans Contributory Benefits (VEAP)	43a. Amount per month	$_____.00 a month
	43b. Number of months	☐☐ months

Section I: Expected 1991 taxable and nontaxable income and benefits

*(You **must** see the instructions for income and taxes that you should exclude from questions 45 through 49.)*

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS	STUDENT (& SPOUSE)
44. Is either of your parents **certified** as a dislocated worker by the appropriate agency? *(See the instructions on page 10.)*	☐ Yes ☐ No	44. Are you, or is your spouse, **certified** as a dislocated worker by the appropriate agency? *(See the instructions on page 10.)* ☐ Yes ☐ No
45. 1991 income earned from work Father	$_____.00	Student 45. $_____.00
46. 1991 income earned from work Mother	$_____.00	Spouse 46. $_____.00
47. 1991 other taxable income	$_____.00	47. $_____.00
48. 1991 U.S. income tax to be paid	$_____.00	48. $_____.00
49. 1991 nontaxable income and benefits *(See instructions on pages 10 and 11.)*	$_____.00	49. $_____.00

If you are applying only for Federal student aid, you have finished the application. Recheck your application, **making sure you have completed Section E. Mail the AFSSA to:** CSX Commercial Services, P. O. Box 52835, Jacksonville, FL 32201. If you desire State and/or institutional assistance, see page 13 for instructions.

ADDITIONAL INFORMATION NEEDED BY THE STATE OF MISSISSIPPI

Section J: Guaranteed Student Loan Information

50. If additional aid is required, would you like to be considered for a:

a. Mississippi Stafford Loan? 1 ❑ Yes 2 ❑ No

b. Amount Requested $_____.00

c. Parent Loan (PLUS)? 1 ❑ Yes 2 ❑ No

d. Supplemental Loan for Students (SLS)? 1 ❑ Yes 2 ❑ No

51. Have you had previous Stafford Loan(s) (formerly GSL)?

1 ❑ Yes 2 ❑ No

(If "No", skip to question 52.)

a. What is the total balance on ALL your Stafford Loans?

$_____.00

(If "0", skip the remaining items in this question and go to question 52.)

b. What is the total remaining unpaid balance on the most recent Stafford Loan? $_____.00

c. What is the interest rate? 7% ❑ 8% ❑ 9% ❑ 8/10% ❑

d. What was the loan (enrollment) period on your most recent loan?

from ☐☐ Month ☐☐ Year to ☐☐ Month ☐☐ Year

e. What was your year in college on your most recent Stafford Loan?

1 ❑ Freshman
2 ❑ Sophomore
3 ❑ Junior
4 ❑ Senior
5 ❑ 5th year undergraduate
6 ❑ 1st year graduate professional
7 ❑ 2nd year graduate professional
8 ❑ 3rd year graduate professional
9 ❑ Beyond 3rd year graduate professional

52. Do you have any educational loans other than those included in question 51a? 1 ❑ Yes 2 ❑ No

If "Yes", what is the total unpaid balance of these loans? $ .00 TOTAL

53. Have you ever defaulted on a previous Perkins (NDSL), Stafford (GSL), FISL, SLS, or PLUS loan?

1 ❑ Yes 2 ❑ No

54. Do you owe a refund or repayment on a Federal or State grant?

1 ❑ Yes 2 ❑ No

55. Have you ever filed or are you currently filing for bankruptcy?

1 ❑ Yes 2 ❑ No

56. Student's home telephone number ( ) _____

57. Student's driver's license number _____

Issued by the state of ☐☐ State

58. Enter the month and year you expect to complete the educational program for which this loan is requested.

☐☐ Month 19 ☐☐ Year

59. Period of enrollment during 1991-92 academic year for which loan is requested:

beginning ☐☐ Month 19 ☐☐ Year and ending ☐☐ Month 19 ☐☐ Year

60. Student's enrollment status during 1991 - 1992 academic year:

1 ❑ Full-time
2 ❑ Not full-time but at least half-time
3 ❑ Less than half-time

61. If you have had a previous Stafford Loan or have already identified a lender you desire to use, enter the lender's name, address, and Lender Code (if known).

Lender's Name: _____

Lender's Address: _____

_____

☐☐☐☐☐☐ – ☐☐☐☐☐
Lender Code Subcode (if applicable)

Section K: Additional Applicant and Spouse Information

62. Did you graduate from high school? 1 ❑ Yes 2 ❑ No

If yes, what year? ☐☐

63. List all colleges, universities, technical or proprietary schools you previously attended.

	Year Attended
1. _____	19 ☐☐
2. _____	19 ☐☐
3. _____	19 ☐☐
4. _____	19 ☐☐

64. What kind of self-help will you accept? (Check only ONE.)

1 ❑ Part-time work only
2 ❑ Long-term loan only
3 ❑ Both loan and work
  1 ❑ prefer work
  2 ❑ prefer loan

65. In what type of degree program will you be enrolled during the 1991-92 school year?

1 ❑ Associate Degree 2 ❑ Masters Degree 3 ❑ Certificate
4 ❑ Bachelor Degree 5 ❑ Doctorate 6 ❑ Non-Degree
7 ❑ Other

66. Indicate the number of hours you will be enrolled for the terms you are requesting aid from this college? (Mark all that apply.)

TERM	5 hrs or less	6 - 8 hours	9 - 11 hours	12 hrs or more
a. 1991 - Summer				
b. 1991 - 2nd Summer				
c. 1991 - Fall				
d. 1991 - Winter				
e. 1992 - Spring				
f. 1992 - Summer				
g. 1992 - 2nd Summer				
	1	2	3	4

67. Are you (the student) currently employed?

1 ❑ Yes 2 ❑ No

68. If employed, indicate:

a. Hours per week: _____

b. Monthly Gross Income: $ _____

c. Your Occupation/Employer:

_____

d. Will you continue to work for this employer during the 1991-92 school year?

1 ❑ Yes 2 ❑ No

69. If married, is your spouse employed? 1 ❑ Yes 2 ❑ No

70. If spouse is employed, indicate:

a. Hours per week: _____

b. Monthly Gross Income: $ _____

c. Spouse's Occupation/Employer:

_____

d. Will your spouse continue to work for this employer during the 1991-92 school year?

1 ❑ Yes 2 ❑ No

71. If your spouse will be a student, will she/he apply for financial aid?

1 ❑ Yes 2 ❑ No

72. If married:

a. Write in the name of spouse:

_____

b. Write in spouse's Social Security Number:

73. What is your classification for tuition purposes?

1 ❑ State Resident

2 ❑ Out-of-state Resident

3 ❑ No Classification

74. Do you wish to be considered for Mississippi State Grant and Scholarship programs?

1 ❑ Yes 2 ❑ No

75. In which Mississippi county do you legally reside? (See Code List in instructions.)

76. Race or ethnic group: (Optional - for statistical purposes only.)

1 ❑ American Indian

2 ❑ Black American

3 ❑ Caucasian American

4 ❑ Spanish American

5 ❑ Other

Application for Federal Student Aid

FREE! Don't send money

1991-92 School Year

NOTICE

You can use the ***FREE*** "Application for Federal Student Aid" (AFSA) to apply for financial aid from **Federal student financial aid programs.** However, for most State and private aid programs you will have to fill out other forms. To find out more about which form you should use, contact your high school counselor, financial aid office, or State scholarship agency. You'll find more information about Federal student aid programs on this page.

Be sure to read "Information on the Privacy Act and Use of Your Social Security Number" on page 12.

WARNING: You must fill out this form accurately. **The information which you supply can be checked** by your college or by the U.S. Department of Education.

You may be asked to provide U.S. income tax returns, the worksheets in this booklet and other information. If you can't or don't provide these records, you may not get Federal aid. If you get Federal student aid based on incorrect information, you will have to pay it back; you may also have to pay fines and fees. If you purposely give **false or misleading information** on your application form, you may be fined $10,000, receive a prison sentence, or both.

What Is This Application For?

You can use the form in this booklet as the first step in applying for student financial aid offered by the U.S. Department of Education.

These Federal student assistance programs can help you pay for most kinds of education after high school. The aid is available if you are attending a professional school, a vocational or technical school, or college. This application is for Federal student financial aid for the 1991-92 school year (July 1, 1991 - June 30, 1992).

The information on this page will answer some of your questions about these programs. However, for more information on Federal student financial aid, see **"Additional Information On The Federal Student Financial Aid Programs"** on page 10. The instructions in this booklet will tell you what information you have to provide on the form. If you have any questions after you have read the instructions, seek help. Talk to your high school counselor or the financial aid administrator at the school you want to attend.

OMB No. 1840-0110/APP. EXP. 9/30/91
U.S. Department of Education
Student Financial Assistance Programs

Who Can Get Aid From These Federal Student Financial Aid Programs?

If eligibility requirements... ↓	Pell Grants	Stafford Loans	Supplemental Educational Opportunity Grants (SEOG)	College Work-Study (CWS)	Perkins Loans
Undergraduate	Yes	Yes	Yes	Yes	Yes
Graduate	No	Yes	No	Yes	Yes
At least half-time	Yes*	Yes	Yes*	Yes*	Yes*
Must pay back	No	Yes	No	No	Yes
Must be a U.S. citizen or eligible noncitizen	Yes	Yes	Yes	Yes	Yes
Must be registered with the Selective Service (if required)	Yes	Yes	Yes	Yes	Yes
Must have financial need	Yes	Yes	Yes	Yes	Yes
Must attend a participating school	Yes	Yes	Yes	Yes	Yes
Must be working toward a degree or certificate	Yes	Yes**	Yes	Yes	Yes
Must be making satisfactory academic progress	Yes	Yes	Yes	Yes	Yes
Must not be in default or owe a refund on a Federal grant or educational loan	Yes	Yes	Yes	Yes	Yes
Having a bachelor's degree makes applicant ineligible	Yes	No	Yes	No	No
Conviction of drug distribution or possession may make student ineligible	Yes	Yes	Yes	Yes	Yes

* In some cases, students going to school less than half-time may be eligible. Check with your financial aid administrator.

** In some cases, students don't have to be in a degree or certificate program. Check with your financial aid administrator.

DEADLINE: May 1, 1992

We must ***receive*** your form by May 1, 1992. Schools may have ***earlier deadlines*** you will have to meet. You should apply as early as possible. Mailing in your form is only the first step in applying for Federal student aid.

INSTRUCTIONS

FOR GOLD SHADED AREAS **FOR GRAY SHADED AREAS**

BEFORE YOU BEGIN TO FILL OUT THE FORM, TEAR IT OUT OF THE BOOKLET AND LAY IT ALONGSIDE THE INSTRUCTIONS SO THAT YOU CAN CHECK FOR ADDITIONAL INSTRUCTIONS AS YOU GO ALONG.

The **GOLD** and **GRAY areas** indicate which instructions are for which questions. **Read the instructions as you fill out this form.** Mistakes will delay the processing of your application.

Some instructions appear on the form itself. Since those questions are self-explanatory, no additional instructions are provided. Where additional information is necessary, you will find it in this instruction booklet.

The instructions for this form will usually answer questions that you have. If you need more help, contact your high school guidance counselor or your college financial aid administrator.

Although other people (besides the student who is applying for aid) may help fill out this form, it is about the student. On this form, the words "you" and "your" always mean the student. The word "college" means a college, university, graduate or professional school, vocational or technical school, or any other school beyond high school.

"Student financial aid" means money from educational loans, grants, and scholarships. It also means earnings from the College Work-Study Program or other earnings you received based on your financial aid administrator's determination of your financial need.

Records You Will Need

Get together these records for yourself and your family:

- 1990 U.S. income tax return (IRS Form 1040, 1040A, or 1040EZ).
- 1990 State and local income tax returns.
- W-2 forms and other records of money earned in 1990.
- Records of untaxed income, such as welfare, social security, AFDC or ADC, or veterans benefits.
- Current bank statements.
- Current mortgage information.
- Records of medical or dental bills that were paid in 1990.
- Business and farm records.
- Records of stocks, bonds, and other investments.

Keep these records!

Won't file a tax return. Even if you and your spouse, or your parents file no income tax return for 1990, you will need to know earnings for the year. You may also need records showing the amount of other income you are to report on your application.

Tax return not completed yet. If you, your spouse, and/or your parents haven't completed a 1990 U.S. income tax return but will be filing one, **we recommend that you complete your return before filling out this application.** Knowing what will be on your tax return will help you to fill out this application accurately. When your application is compared with the official 1990 IRS Form 1040, 1040A, or 1040EZ that is filed for you and your family, the financial information must agree. If there are **any** errors, you will have to correct the information and send it back to the U.S. Department of Education. If this happens, it will take longer to determine whether you are eligible for Federal student aid. It could mean a delay in getting your student financial aid.

If you, your spouse, and/or your parents filed (or will file) a **"Foreign Tax Return" or are a "Native American,"** see page 10.

When You Fill Out This Form

- Use a pen with black or dark ink; don't use a pencil.
- Print carefully, so that your form will be easy to read.
- Round off figures to the nearest dollar. For 50 cents or more, round up; for 49 cents or less, round down.

Section A: Yourself

Write in this section information about you, the student who is applying for aid.

2. Write in the address where you will be receiving mail. All mail will be sent to this address. Don't use the address of the financial aid office or any other office. Use the State/Country abbreviations list below.

State/Country Abbreviations

AL Alabama	IN Indiana	NM New Mexico	VA Virginia
AK Alaska	IA Iowa	NY New York	WA Washington
AS American Samoa	KS Kansas	NC North Carolina	WV West Virginia
AZ Arizona	KY Kentucky	ND North Dakota	WI Wisconsin
AR Arkansas	LA Louisiana	OH Ohio	WY Wyoming
CA California	ME Maine	OK Oklahoma	
CO Colorado	MD Maryland	OR Oregon	CN Canada
CT Connecticut	MA Massachusetts	PA Pennsylvania	FC Federated States of Micronesia
DE Delaware	MI Michigan	PR Puerto Rico	
DC District of Columbia	MN Minnesota	RI Rhode Island	
	MS Mississippi	SC South Carolina	MH Marshall Islands
FL Florida	MO Missouri	SD South Dakota	
GA Georgia	MT Montana	TN Tennessee	MX Mexico
GU Guam	NE Nebraska	TX Texas	MP Northern Mariana Islands
HI Hawaii	NV Nevada	UT Utah	
ID Idaho	NH New Hampshire	VT Vermont	
IL Illinois	NJ New Jersey	VI Virgin Islands	PW Palau

If your place of residence is not included above, leave the State abbreviation blank and write the name of your city and territory or country in the space for city.

4. Write in the two-letter abbreviation for your current State/Country of legal residence. Use the State/Country abbreviations list above.

6. Write in your birth date. For example, if you were born on July 5, 1972, you would write in:

07 (Month) 05 (Day) 72 (Year)

7. If you are a U.S. citizen (or U.S. national), check the first box and go on to question 8. Check the second box and write in your eight or nine digit Alien Registration Number if you are one of the following:

   - U.S. permanent resident, and you have an Alien Registration Receipt Card (I-151 or I-551).

- Other eligible noncitizen with a Departure Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: (a) "Refugee", (b) "Asylum Granted", (c) "Indefinite Parole" and/or "Humanitarian Parole", (d) "Cuban-Haitian Entrant."

- Other eligible noncitizen with a Temporary Resident Card (I-688).

If you are a citizen of the Marshall Islands, Federated States of Micronesia, or Palau, see your financial aid administrator.

If you cannot check the first or second box, you **must** check the third box. If you are in the U.S. on only an F1 or F2 student visa, only a J1 or J2 exchange visitor visa, or only a G series visa (pertaining to international organizations), you must check the third box.

9. Check your year in college from July 1, 1991 to June 30, 1992.

10. Check "No" if you do not have a Bachelor's degree and you will not have one by July 1, 1991.

Check "Yes" if you already have a Bachelor's degree or will have one by July 1, 1991. Also, check "Yes" if you have or will have a degree from a university in another country that is equal to a Bachelor's degree.

Section B: Student Status

Answer question 11. A blank counts as "No."

11. **a.** Check the correct box. (See your answer to question 6.)

b. Check "Yes" if you are a veteran of active service in the U.S. Army, Navy, Air Force, Marines or Coast Guard. Also check "Yes" if you are **not** a veteran **now** but will be one by June 30, 1992.

Check "No" if you are or were:

- never in the U.S. Armed Forces,
- only an ROTC student,
- only a cadet or midshipman at one of the service academies,
- only a National Guard or Reserves enlistee, or
- currently serving in the U.S. Armed Forces, and will continue to serve through June 30, 1992.

c. Check "Yes" if (1) both your parents are dead **and** you don't have an adoptive parent or legal guardian, or (2) if you are currently a ward of the court. For a definition of a **"Legal Guardian,"** see page 10. Otherwise check "No."

d. Check "Yes" if you have any children who get more than half of their support from you. Also check "Yes" if other people live with you and get more than half of their support from you and will continue to get that support during the 1991-92 school year. *(Don't include your spouse.)* Otherwise check "No."

"Parents" in questions 12, 14a-14e, and 15 means your mother and/or father, or your adoptive parents, or legal guardian. "Parents" does not mean foster parents, and for this section, it does not mean stepparent. Later, the instructions will tell you if you should supply information about your stepparents.

Unmarried Undergraduate Students Only

12. If your parents claimed you as an exemption on their 1989 and/or will do so on their 1990 income tax return, you must answer "Yes." If your parents are divorced or separated, answer "Yes" if either of your parents claimed you as an income tax exemption in 1989 and/or will do so on their 1990 income tax return. Otherwise check "No."

13. Check the box that best describes when you first received Federal student aid, ***beginning with the 1987-88 school year*** (July 1, 1987 - June 30, 1988). *Check only one box: a, b, c, d, **or** e.*

Federal student aid includes:

- Pell Grant,
- Stafford Loan/Guaranteed Student Loan (GSL), including Supplemental Loans for Students (SLS),
- Supplemental Educational Opportunity Grant (SEOG),
- College Work-Study (CWS),
- Perkins Loan/National Direct Student Loan (NDSL), or
- State Student Incentive Grant (SSIG). These grants often have other names such as Student Incentive Grants, Incentive Grants, Tuition Grants, etc.

Below are some examples to help you answer question 13.

EXAMPLE #1: Buck Bundy received Federal student aid in the 1986-87 and 1987-88 school years. Therefore, Buck should check box "a." Even if Buck had received Federal student aid in the 1985-86 and 1987-88 school years, he should still check box "a," because the first school year (beginning with 1987-88) in which he received Federal student aid is 1987-88.

EXAMPLE #2: Jeff Akbar ***first*** received Federal student aid in the 1988-89 school year. Therefore, Jeff should check box "b."

EXAMPLE #3: Wu Lin ***first*** received Federal student aid in the 1989-90 school year. Therefore, Wu should check box "c."

EXAMPLE #4: Katie Murphy ***first*** received Federal student aid in the 1990-91 school year. Therefore, Katie should check box "d."

EXAMPLE #5: Vickie Tingley received Federal student aid in the 1986-87 school year and has not received Federal student aid since then. Therefore, Vickie should check box "e."

EXAMPLE #6: Joaquin Rodriguez has never received Federal student aid. Therefore, Joaquin should check box "e."

14a - 14e. When figuring your resources in questions 14a, 14b, 14c, 14d, **or** 14e be sure to include:

- wages, salaries, and tips, etc.;
- interest income and dividend income;
- any student financial aid (except PLUS loans);
- personal long term cash loans used for educational purposes; **and**
- any other income and benefits (such as veterans cash benefits, fellowships, etc.).

Don't include any resources from your parents such as money that you earned from them or gifts that you received from them.

Married or Graduate/Professional Students Only

15. If your parents will claim you as an exemption on their 1991 income tax return, you must answer "Yes."

You must see your college financial aid administrator before completing the rest of this form if:

- you answered "No" to all of the questions in 11 but after answering questions 12 through 14, or 15 you were told to fill out the gray and the white areas, **and**
- you were not required to provide parental information in 1990-91, **and**
- you were claimed by any person, other than your spouse, as a tax exemption in 1990.

Important Instructions for Sections C, D, E, F, G, and I

Parents' information - gold areas

Read the descriptions below. Check the box that is true for you and follow the instructions.

- ❑ **Your parents are both living and married to each other.** Answer the questions on the rest of the form about them.
- ❑ **You have a legal guardian.** Answer the questions on the rest of the form about your **"Legal Guardian."** For a definition of "Legal Guardian" see page 10.
- ❑ **Your parents have divorced or separated.** Answer the questions on the rest of the form about the parent you lived with most in the last 12 months. For example, if you lived with your mother most, answer the questions about her, and not about your father. If you did not live with one parent more than with the other in the last 12 months, answer in terms of the parent who provided the most financial support during that time. If neither parent provided greater financial support during the last 12 months, answer in terms of the parent who provided the greater support during the most recent calendar year. *(Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, etc.)*
- ❑ **Your parent is widowed or single.** Answer the questions on the rest of the form about that parent.

If you have a stepparent. If the parent that you counted above has married or remarried, you must include information about your stepparent (even if they were not married in 1990).

If you are giving information about your stepparent, note that whenever we say "parents" on the rest of the form, we also mean your stepparent.

Section C: Household Information

Your parents' household information - gold area

15. Show the current marital status of the people that you give information about on this form. For example, if you give information about your mother and stepfather, check the box that says "married," because your mother and stepfather are married.

17. Write in the two-letter abbreviation for your parents' current State/Country of legal residence. See the list of State/Country abbreviations under the instructions for question 2.

18. Write in the number of people that your parents will support between July 1, 1991 and June 30, 1992. Include your parents and yourself. Include your parents' other children if they get more than half of their support from your parents. **Also include them if they would be required to provide parental information when applying for Federal student aid for the 1991-92 school year. Include other people only if they now live with and get more than half of their support from your parents and will continue to get this support between July 1, 1991 and June 30, 1992.** *(Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, etc.)*

19. Write in the number of people from question 18, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Your (& your spouse's) household information - gray area

Fill out this section with information about yourself (and your spouse). If you are divorced, separated, or widowed, don't include information about your spouse.

20. Write in the number of people that you will support between July 1, 1991 and June 30, 1992. Include yourself and your spouse. Include your children if they get more than half of their support from you. Include other people only if they meet the following criteria:
    - they now live with you, **and**
    - they now get more than half of their support from you **and** they will continue to get this support between July 1, 1991 and June 30, 1992.

21. Write in the number of people from question 20, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Section D: Your parents' 1990 income, earnings, and benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any other question is "none" or "zero," put a zero in the answer space. **Don't** leave it blank or use dashes. For example:

$ 0 00

If your parents filed (or will file) a **"Foreign Tax Return"** or a **Puerto Rican tax return,** see page 10.

22. **1990 U.S. income tax figures**

From a completed return. Check only one box to indicate which IRS Form was filed. Use this tax return to answer questions 23 through 28.

Estimated. Check the correct box if your parents have not yet filed but will file a 1990 U.S. income tax return. Use their financial records to answer questions 23 through 28. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

42-925 O—91——8

A tax return will not be filed. Check this box if your parents will not file a 1990 U.S. income tax return. Don't answer questions 23 through 25. Skip to question 26.

If you are giving information for only one parent and that parent filed (or will file) a joint tax return for 1990, give only that parents' portion of the exemptions and income asked for in questions 23 through 28.

If your parents are married and they filed (or will file) separate tax returns for 1990, be sure to include both parent's exemptions and income in questions 23 through 28.

23. **Total number of exemptions for 1990.** Write in the number from Form 1040, line 6e or 1040A, line 6e. If your parent used the 1040EZ and he or she checked "Yes" in question 4 of that form, write in "00." Otherwise, write in "01."

Important: See the table below for some of the types of student financial aid that you should exclude from income and taxes in questions 24 through 28.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships or Fellowships	Yes	Yes
Earnings from a work program including Assistantships	Yes	No
Loans	Yes	Yes

24. **Adjusted Gross Income (AGI) for 1990. Don't include** any income or capital gains from the sale of a business or farm, if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or involuntary liquidation.

Use worksheet #1 on page 11 to answer question 24 if you cannot get a 1990 tax form, but will be filing one.

25. **U.S. income tax paid for 1990.** Make sure this amount doesn't include any FICA, self-employment, or other taxes. **Don't** copy the amount of "Federal income tax withheld" from a W-2 Form.

26. **Income earned from work in 1990.**

&

27. **If you skipped questions 23 through 25,** include your parents' earnings from work in 1990. Add up the earnings from your parents' W-2 forms and any other earnings from work that are not included on the W-2.

If you answered questions 23 through 25, include the "wages, salaries, tips, etc." from your parents' Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If your parents filed a joint return, report your father's and mother's earnings separately. If your parents own a business or farm, also add in the numbers from Form 1040, lines 12 and 19.

28. **Untaxed income and benefits for 1990.**

28a. **Social security benefits for 1990.** Write in the amount of untaxed social security benefits (including Supplemental Security Income) that your parents got in 1990. Don't include any benefits reported in question 24. Don't report monthly amounts; write in the total for 1990. Be sure to include the amounts that your parents got for you and their other children.

28b. **Aid to Families with Dependent Children (AFDC or ADC) for 1990.** Don't report monthly amounts; write in the total for 1990. Don't report social security benefits.

28c. **Child support received for all children.** Include the student. Don't report monthly amounts; write in the total for 1990.

28d. **Other untaxed income and benefits for 1990.** Add up your parents' untaxed income and benefits for 1990. Use worksheet #2 on page 11. Be sure to include your parent's earned income credit and deductible IRA/Keogh payments, if any.

Everyone must answer the questions in the Student (& Spouse) column in Section D.

Section D: Your (& your spouse's) 1990 income, earnings and benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any other question is "none" or "zero," put a zero in the answer space. **Don't** leave it blank or use dashes. For example:

$ 0 00

If you (or your spouse) filed (or will file) a "**Foreign Tax Return**" or a **Puerto Rican tax return,** see page 10.

22. **1990 U.S. income tax figures.**

From a completed return. Check only one box to indicate which IRS Form was filed. Use this tax return to answer questions 23 through 28.

Estimated. Check the correct box if you (and your spouse) have not yet filed but will file a 1990 U.S. income tax return. Use your financial records to answer questions 23 through 28. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Check this box if you (and your spouse) will not file a 1990 U.S. income tax return. Don't answer questions 23 through 25. Skip to question 26.

If you are divorced, separated, or widowed, and you filed (or will file) a joint tax return for 1990, give only your portion of the exemptions and income asked for in questions 23 through 28.

If you are married and you and your spouse filed (or will file) separate tax returns for 1990, be sure to include both your and your spouse's exemptions and income in questions 23 through 28, even if you were not married in 1990.

23. **Total number of exemptions for 1990.** Write in the number from Form 1040, line 6e or 1040A, line 6e. If you used the 1040EZ and you checked "Yes" in question 4 of that form, write in "00." Otherwise write in "01."

Important: See the table (on the next page) for some of the types of student financial aid that you should exclude from income and taxes in questions 24 through 28.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships or Fellowships	Yes	Yes
Earnings from a work program including Assistantships	Yes	No
Loans	Yes	Yes

24. **Adjusted Gross Income (AGI) for 1990. Don't include** any income or capital gains from the sale of a business or farm, if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or involuntary liquidation.

Use worksheet #1 on page 11 to answer question 24 if you cannot get a 1990 tax form, but will be filing one.

25. **U.S. income tax paid for 1990.** Make sure this amount doesn't include any FICA, self-employment, or other taxes. **Don't** copy the amount of "Federal income tax withheld" from a W-2 Form.

26. **Income earned from work in 1990.**

&

27. **If you skipped questions 23 through 25,** include your (and your spouse's) earnings from work in 1990. Add up the earnings from your (and/or your spouse's) W-2 forms and any other earnings from work that are not included on the W-2.

If you answered questions 23 through 25, include the "wages, salaries, tips, etc." from your (and your spouse's) Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If you (and your spouse) filed a joint return, report your and your spouse's earnings separately. If you (and your spouse) own a business or farm, also add in the numbers from Form 1040, lines 12 and 19.

28. **Untaxed income and benefits for 1990.**

Don't include benefits reported in questions 28a, 28b, 28c, and 28d of the parent column.

28a. **Social security benefits for 1990.** Write in the amount of untaxed social security benefits (including Supplemental Security Income) that you (and your spouse) got in 1990. Don't include any benefits reported in question 24. Don't report monthly amounts; write in the total for 1990. Be sure to include the amounts that you got for your children.

28b. **Aid to Families with Dependent Children (AFDC or ADC) for 1990.** Don't report monthly amounts; write in the total for 1990. Don't report social security benefits.

28c. **Child support received for all children.** Don't report monthly amounts; write in the total for 1990.

28d. **Other untaxed income and benefits for 1990.** Add up your (and your spouse's) untaxed income and benefits for 1990. Use **worksheet #2** on page 11. Be sure to include your (and your spouse's) earned income credit and deductible IRA/Keogh payments, if any.

Section E: College Release and Certification

29. Write in the **complete** name, city, and State of the college(s) that you will **most** likely be going to during the 1991-92 school year. In 29a, write in the name and address of your first college choice. In 29b, write in the name and address of your second college choice. In 29c, write in the name and address of your third college choice. Do not use abbreviations for the name or address of the college. If the college you may be going to is a branch campus, be sure to include the complete name of the branch. If you don't know yet which college(s) you are most interested in, you may leave this question blank.

30. We are permitted by regulation to provide your name, address, social security number, date of birth, Pell Grant Index (PGI), Family Contribution (FC), student status, year in college, and State of legal residence to the college(s) that you listed in question 29a, 29b, and 29c (or its representative), even if you check "No" to question 30b. This information will also go to the State agencies in your State of legal residence to help coordinate State financial aid programs with Federal student aid programs, even if you check "No" to question 30a. However, no additional information such as income information will be sent if you check "No" to question 30a or 30b.

30a. Check "Yes" if you give us permission to send information from this form to the financial aid agencies in your State. Some State agencies ask for this information. They may use it to help decide whether you will get a State award and to check to see if you reported correct information on your State student aid application. Also, they may use it to help in the processing of your application for a Stafford Loan, if you are eligible.

Check "No" if you don't want us to send information from this form to the financial aid agencies in your State. If you check "No," any State aid you might be eligible for may be delayed, but it will have no effect on your Federal aid.

30b. Check "Yes" if you give us permission to send information from this form to the college(s) that you listed in question 29a, 29b, and 29c (or its representative). Many colleges use this information to help estimate the amount of your financial aid package.

Check "No" if you don't want us to send information from this form to the college(s) that you listed in question 29a, 29b, and 29c (or its representative).

31. **Selective Service Registration**

In order to receive Federal student aid you must be registered with Selective Service if:

- you are a male who is at least 18 years old and born after December 31, 1959.

Check the box **only** if you:

- are a male and are 18 through 25 years of age, **and**
- have not yet registered with Selective Service, **and**
- give Selective Service permission to register you.

If you believe that you are not required to be registered, call the Selective Service at 1-800-621-5386 for information regarding exemptions.

32. **Read and sign**

You must sign this form. If you don't sign this form, it will be returned unprocessed. If you are married, your spouse must

Section C: Household Information

PARENTS

16. What is your parents' current marital status?

1 ☐ single
2 ☐ married
3 ☐ separated
4 ☐ divorced
5 ☐ widowed

17. What is your parents' State of legal residence?

☐☐
State

18. Number of family members in 1991-92 ☐☐

(Always include yourself (the student) and your parents. Include your parents' other children and other people only if they meet the definition in the instructions on page 4.)

19. Number of college students in 1991-92 ☐

(Of the number in 18, write in the number of family members who will be in college at least half-time. Include yourself--the applicant.)

STUDENT (& SPOUSE)

20. Number of family members in 1991-92 ☐☐

(Always include yourself and your spouse. Include your children and other people only if they meet the definition in the instructions on page 4.)

21. Number of college students in 1991-92 ☐

(Of the number in 20, write in the number of family members who will be in college at least half-time. Include yourself.)

Section D: 1990 income, earnings, and benefits

(You must see the instructions for income and taxes that you should exclude from questions 24 through 28.)

22. The following 1990 U.S. income tax figures are from:

PARENTS

(Check only one box.)

1 ☐ a completed 1990 IRS Form 1040EZ or 1040A (Go to 23.)
2 ☐ a completed 1990 IRS Form 1040 (Go to 23.)
3 ☐ an estimated 1990 IRS Form 1040EZ or 1040A (Go to 23.)
4 ☐ an estimated 1990 IRS Form 1040 (Go to 23.)
5 ☐ a tax return will not be filed. (Skip to 26.)

Everyone must fill out the Student (& Spouse) column below.

STUDENT (& SPOUSE)

(Check only one box.)

1 ☐ a completed 1990 IRS Form 1040EZ or 1040A (Go to 23.)
2 ☐ a completed 1990 IRS Form 1040 (Go to 23.)
3 ☐ an estimated 1990 IRS Form 1040EZ or 1040A (Go to 23.)
4 ☐ an estimated 1990 IRS Form 1040 (Go to 23.)
5 ☐ a tax return will not be filed. (Skip to 26.)

TAX FILERS ONLY

23. 1990 total number of exemptions (Form 1040 line 6e, or 1040A line 6e; 1040EZ filers, see instructions on page 5) ☐☐

24. 1990 Adjusted Gross Income (AGI--Form 1040 line 31; 1040A line 16; or 1040EZ line 3; or see instructions on pages 5 and 6) $_____.00

25. 1990 U.S. income tax paid (Form 1040 line 47; 1040A line 25; or 1040EZ line 7) $_____.00

26. 1990 income earned from work: Father $_____.00

27. 1990 income earned from work: Mother $_____.00

28. 1990 untaxed income and benefits *(yearly totals only)*

28a. Social security benefits $_____.00

28b. Aid to Families with Dependent Children (AFDC or ADC) $_____.00

28c. Child support received for all children $_____.00

28d. Other untaxed income and benefits from worksheet #2 on page 11 $_____.00

TAX FILERS ONLY

23. ☐☐

24. $_____.00

25. $_____.00

Student **26.** $_____.00

Spouse **27.** $_____.00

28a. $_____.00

28b. $_____.00

28c. $_____.00

28d. $_____.00

Section E: College Release and Certification

29. What college(s) do you plan to go to in 1991-92?

	College Name	Street Address	City	State
29a.				
29b.				
29c.				

30. Do you give the U.S. Department of Education permission to send information from this form to:

30a. The financial aid agencies in your State? ☐ Yes ☐ No

30b. The college(s) you named in 29 (or its representative)? ☐ Yes ☐ No

31. ☐ Check this box if you give Selective Service permission to register you. *(See instructions on page 6.)*

Dept. of Ed Use Only
(Do not write in this box.)

32. **Read and sign**

Certification: All of the information on this form and the Supplemental Information page, if completed, is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form and the Supplemental Information page, if completed. I realize that this proof may include a copy of my U.S., State, or local income tax return. I also realize that if I do not give proof when asked, the student may be denied aid.

Everyone giving information on this form must sign below. If you don't sign this form, it will be returned unprocessed.

1. Student
2. Student's spouse
3. Father
4. Mother

Date completed: Month ___ Day ___ Year ☐ 1991 ☐ 1992

ATTENTION

If you are filling out the GOLD and WHITE areas, you will need to refer to Section D to complete worksheet #3A below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through I).

WORKSHEET #3A FOR THE SIMPLIFIED NEEDS TEST

1. Did or will you, your spouse, or your parents file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)

☐ Yes (Fill out Sections F through I.)
☐ No (Fill out the rest of this worksheet.)

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

		PARENTS COLUMN A	STUDENT/SPOUSE COLUMN B
	Income from:		
3a.	Question 24	$ ____.00	$ ____.00
	OR		
3b.	Questions 26 and 27 (use only if you left Question 24 blank)	$ ____.00	$ ____.00
3.	Write in the total of column A and column B entries from Question 2	$ ____.00	

If the total from 3 is $15,000 or less, mail the form. You do not have to fill out the Supplemental Information (unless you, your spouse or at least one of your parents is a dislocated worker or your school or State asks you to). **Mail the form to:** Federal Student Aid Programs, P.O. Box 6800, Princeton, NJ 08541.

If the total from 3 is $15,001 or more, you must fill out Sections F through I.

WORKSHEET #3B FOR THE SIMPLIFIED NEEDS TEST

If you are filling out the GRAY and WHITE areas, you will need to refer to Section D to complete worksheet #3B below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through I).

1. Did or will you (or your spouse) file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)

☐ Yes (Fill out Sections F through I.)
☐ No (Fill out the rest of this worksheet.)

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

		STUDENT/SPOUSE
	Income from:	
3a.	Question 24	$ ____.00
	OR	
3b.	Questions 26 and 27 (use only if you left Question 24 blank)	$ ____.00

If the answer from either Question 2a or 2b is $15,000 or less, mail the form. You do not have to fill out the Supplemental Information (unless you are, or your spouse is a dislocated worker or your school or State asks you to). **Mail the form to:** Federal Student Aid Programs, P.O. Box 6800, Princeton, NJ 08541.

If the answer from either Question 2a or 2b is $15,001 or more, you must fill out Sections F through I.

SUPPLEMENTAL INFORMATION

Section F: 1990 expenses

	PARENTS	STUDENT (& SPOUSE)
33. 1990 medical and dental expenses not paid by insurance	$_____.00	33. $_____.00
34. 1990 elementary, junior high, and high school tuition for dependent children		
34a. Amount paid. (Don't include tuition paid for the applicant.)	$_____.00	34a. $_____.00
34b. For how many dependent children	☐	34b. ☐

Section G: Asset information

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS		STUDENT (& SPOUSE)	
35. Is either of your parents a dislocated homemaker? (See the instructions on page 7.)	☐ Yes ☐ No		35. Are you, or is your spouse, a dislocated homemaker? (See the instructions on page 8.)	☐ Yes ☐ No
36. Write in the age of your older parent.	☐☐		36. xxxxxxxxxx	
	What is it worth today?	What is owed on it?	What is it worth today?	What is owed on it?
37. Cash, savings, and checking accounts	$_____.00	xxxxxxxxxx	37. $_____.00	xxxxxxxxxx
38. Home. (Renters write in "0.")	$_____.00	$_____.00	38. $_____.00	$_____.00
39. Other real estate and investments	$_____.00	$_____.00	39. $_____.00	$_____.00
40. Business and farm	$_____.00	$_____.00	40. $_____.00	$_____.00
41. Does any part of item 40 include a farm?	☐ Yes	☐ No	41. ☐ Yes	☐ No

Section H: Your veterans educational benefits per month (for the student only)

(If you are completing this page, you must answer question 42. If you are filling out the GRAY and the WHITE areas, you must also answer question 43.)

		Expected Amount July 1, 1991 through June 30, 1992
42. Your Veterans Dependents Educational Assistance Program benefits	42a. Amount per month	$_____.00 a month
	42b. Number of months	☐☐ months
43. Your Veterans Contributory Benefits (VEAP)	43a. Amount per month	$_____.00 a month
	43b. Number of months	☐☐ months

Section I: Expected 1991 taxable and nontaxable income and benefits

(You must see the instructions for income and taxes that you should exclude from questions 45 through 49.)

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS	STUDENT (& SPOUSE)	
44. Is either of your parents certified as a dislocated worker by the appropriate agency? (See the instructions on page 9.)	☐ Yes (Fill out the rest of this column, and go to the student and spouse column, question 44.) ☐ No (Skip this column and go to the student and spouse column, question 44.)	44. Are you, or is your spouse, certified as a dislocated worker by the appropriate agency? (See the instructions on page 9.)	☐ Yes (Fill out the rest of this column.) ☐ No (Skip this column and mail the form.)
45. 1991 income earned from work: Father	$_____.00	Student 45. $	.00
46. 1991 income earned from work: Mother	$_____.00	Spouse 46. $	.00
47. 1991 other taxable income	$_____.00	47. $	.00
48. 1991 U.S. income tax to be paid	$_____.00	48. $	.00
49. 1991 nontaxable income and benefits (See instructions on page 9.)	$_____.00	49. $	.00

STOP You have finished the application. Recheck your application. MAKE SURE THAT YOU HAVE COMPLETED SECTION E. Mail the application to: Federal Student Aid Programs, P.O. Box 6900, Princeton, NJ 08541

FREE

Application for Federal Student Aid

1991-92 School Year

WARNING: If you purposely give false or misleading information on this form, you may be fined $10,000, sent to prison, or both.

"You" and "your" on this form always mean the student who wants aid.

FORM APPROVED OMB NO. 0840-0110 APP. EXP. 6/30/92

U.S. Department of Education Student Financial Assistance Programs

Section A: Yourself

1. Your name: Last | First | M.I.
2. Your permanent mailing address: (Mail will be sent to this address. See page 2 for State/Country abbreviation.) Number and Street (Include Apt. No.) | City | State | ZIP Code
3. Your title (optional):
   - ☐ Mr.
   - ☐ Miss, Ms., or Mrs.
4. Your State of legal residence: State
5. Your social security number:
6. Your date of birth: Month | Day | Year
7. Are you a U.S. citizen?
   - ☐ Yes, I am a U.S. citizen.
   - ☐ No, but I am an eligible noncitizen. (See the instructions on page 2.) [A]
   - ☐ No, neither of the above. (See the instructions on page 2.)
8. As of **today**, are you married? (Check only one box.)
   - ☐ I am not married. (I am single, divorced, or widowed.)
   - ☐ I am married.
   - ☐ I am separated from my spouse.
9. What year will you be in college in 1991-92? (Check only one box.)
   - ☐ 1st (never previously attended college)
   - ☐ 1st (previously attended college)
   - ☐ 2nd ☐ 3rd ☐ 4th
   - ☐ 5th or more undergraduate
   - ☐ first year graduate/professional (beyond a bachelor's degree)
   - ☐ Continuing graduate or professional
10. Will you have your first Bachelor's degree before July 1, 1991?
    - ☐ Yes ☐ No

Section B: Student Status

	Yes	No
11. a. Were you born **before** January 1, 1968?	☐	☐
b. Are you a veteran of the U.S. Armed Forces?	☐	☐
c. Are you a ward of the court or are both your parents dead?	☐	☐
d. Do you have legal dependents (other than a spouse) that fit the definition in the instructions on page 3?	☐	☐

If you answered **"Yes"** to **any** part of question 11, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form. (Skip questions 12 through 15.)

If you answered **"No"** to **every** part of question 11, **and** you are:

- Unmarried now (single, divorced, separated, or widowed) **and** will be an undergraduate student in 1991-92, answer question 12. (Skip question 15.)
- Married now **or** will be a graduate/professional student in 1991-92, answer question 15. (Skip questions 12 through 14e.)

Unmarried Undergraduate Students Only

12. Did your parents claim you as an income tax exemption?

	Yes	No
... in 1989?	☐	☐
... in 1990?	☐	☐

If you answered **"Yes"** to **either** year in question 12, go to Section C and fill out the **GOLD** and the **WHITE** areas on the rest of the form. (Skip questions 13 through 15.)

If you answered **"No"** to **both** years in question 12, answer question 13 below.

13. **Beginning with the 1987-88 school year**, you **first** received Federal student aid. (Check only one box: a, b, c, d, or e. See instructions on page 3.)

a. ☐ in the 1987-88 school year. (Answer **14a below**. Skip 14b, 14c, 14d, and 14e.)

b. ☐ in the 1988-89 school year. (Answer **14b below**. Skip 14a, 14c, 14d, and 14e.)

c. ☐ in the 1989-90 school year. (Answer **14c below**. Skip 14a, 14b, 14d, and 14e.)

d. ☐ in the 1990-91 school year. (Answer **14d below**. Skip 14a, 14b, 14c, and 14e.)

e. ☐ in neither a, b, c, or d. (Answer **14e below**. Skip 14a, 14b, 14c, and 14d.)

14a. Did you have total resources of $4,000 or more, not including parents' support?

14b. Did you have total resources of $4,000 or more, not including parents' support?

14c. Did you have total resources of $4,000 or more, not including parents' support?

14d. Did you have total resources of $4,000 or more, not including parents' support?

14e. Did you have total resources of $4,000 or more, not including parents' support?

	14a Yes	14a No	14b Yes	14b No	14c Yes	14c No	14d Yes	14d No	14e Yes	14e No
... in 1988?	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
... in 1989?	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- If you answered **"No"** to **either** year in question 14a, 14b, 14c, 14d, **or** 14e, go to Section C and fill out the **GOLD** and the **WHITE** areas on the rest of the form.
- If you answered **"Yes"** to **both** years in question 14a, 14b, 14c, 14d, **or** 14e, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form.

Married or Graduate/Professional Students Only

15. Will your parents claim you as an income tax exemption in 1991?

Yes	No
☐	☐

If you answered **"Yes"** to question 15, go to Section C and fill out the **GOLD** and the **WHITE** areas on the rest of the form.

If you answered **"No"** to question 15, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form.

ED FORM 268

sign this form. If you filled out the ____ and the **WHITE** areas, at least one of your parents must also sign this form. **Everyone signing this form is certifying that all information on the form is correct** and that they are willing to provide documents to prove that the information is correct. Such documents may include U.S., State, or local tax returns. Any AFSA dated or received before January 1, 1991 will be returned unprocessed.

Sending In Your Form

Double-check your form to make sure it is complete and accurate. Be sure it has the necessary signatures.

Put the form in the envelope provided in this booklet. Don't send money. Don't put letters, tax forms, worksheets, or any extra materials in the envelope. **They will be destroyed.**

Instructions for the Supplemental Information

Section F: Your parents' 1990 expenses

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

33. **Medical and dental expenses in 1990 not paid by insurance.** Write in the amount of money that your parents paid in 1990 for medical and dental expenses (include insurance premiums). Don't include amounts covered by insurance or self-employed health deductions from Form 1040-line 26. If your parents itemized deductions on their 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

34. **Elementary, junior high, and high school tuition paid in 1990.**

34a. Write in the amount of money that your parents paid in 1990 for elementary, junior high, and high school tuition for family members who were included in question 18. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition paid by scholarships. Also, don't include tuition that your parents paid for you or any tuition for preschool or college.

34b. Write in the number of dependent children for whom the amount listed in 34a was paid in 1990. **Don't include** yourself (the student) or any person who was not included in question 18.

Section F: Your (& your spouse's) 1990 expenses

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

33. **Medical and dental expenses in 1990 not paid by insurance.** Write in the amount of money that you (and your spouse) paid in 1990 for medical and dental expenses (include insurance premiums). Don't include amounts covered by insurance or self-employed health deductions from Form 1040-line 26. If you (and your spouse) itemized deductions on your 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

34. **Elementary, junior high, and high school tuition paid in 1990.**

34a. Write in the amount of money that you (and your spouse) paid in 1990 for elementary, junior high, and high school tuition for family members who were included in question 20. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition that you paid for yourself, tuition paid by scholarships, or any tuition paid for preschool or college.

34b. Write in the number of dependent children for whom the amount listed in 34a was paid in 1990. **Don't include** yourself or any person who was not included in question 20.

Section G: Your parents' assets

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

You must give information about your parents' assets in Section G. If you are giving information for only one parent and that parent has jointly owned assets, give only that parent's portion of the assets and debts. If your parents have assets owned jointly with someone else, give only your parents' portion of the assets and debts.

In Section G, **don't include:**

- Personal or consumer loans, or any debts that are not related to the assets listed
- The value of retirement plans (pension funds, annuities, IRAs, Keogh Plans, etc.)
- Student financial aid

35. Check "Yes" if either of your parents (for whom you are providing information) meets all of the following descriptions for a displaced homemaker:

- your parent has not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more) but has, during those years, worked in the home providing unpaid services for family members; and
- your parent has been dependent on public assistance or on the income of another family member but is no longer receiving that income, or your parent is receiving public assistance because of dependent children in the home; and
- your parent is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"Unemployed" means not working this week but being available for work. To qualify, your parent must have made specific efforts to get a job sometime during the last four weeks.

"Underemployed" means working part-time even though your parent wants full-time employment. It refers to a condition where work is slack or only part-time work is available.

Check "No" if neither of your parents meets all the descriptions mentioned above.

36. Write in the age of the older parent for whom you gave information on this form.

38. **Home.** If your parents own a home, write in how much the home is worth. Use the price your parents could reasonably expect to receive for their home if it went on sale **today**. Don't use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. If your parents are renters, write in "0."

    Then, write in how much your parents owe on the home, including the present mortgage and related debts on the home. *(Don't include interest due.)* Check with the mortgage company if you don't know.

39. **Other real estate and investments.** If your parents own other real estate *(including rental property, land, second or summer homes)* or have investments, write in how much they are worth **today**. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts *(including mortgages held)*, commodities, precious and strategic metals, etc.

    Then, write in how much your parents owe on other real estate and investments.

40. **Business and farm.** If your parents own a business and/or farm, write in how much the business and/or farm are worth **today**. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. *(Home value and debt should be given in question 38.)*

    Then, write in what your parents owe on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

    If your parents are not the sole owners, write in only their share of the total value and debt.

Section G: Your (& your spouse's) assets

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

You must give information about your (and your spouse's) assets in Section G. If you are divorced or separated and you and your spouse have jointly owned assets, give only your portion of the assets and debts. If you (and your spouse) have assets owned jointly with someone else, give only your (and your spouse's) portion of the assets and debts. Be sure to give information about assets held in trust for you (and your spouse).

In Section G, **don't include**:

- Personal or consumer loans, or any debts that are not related to the assets listed
- The value of retirement plans (pension funds, annuities, IRAs, Keogh Plans, etc.)
- Student financial aid

35. Check "Yes" if you or your spouse meets **all** of the following descriptions for a displaced homemaker:

    - you or your spouse has not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more) but has, during those years, worked in the home providing unpaid services for family members; **and**
    - you or your spouse has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or you or your spouse is receiving public assistance because of dependent children in the home; **and**
    - you or your spouse is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

    "Unemployed" means not working this week but being available for work. To qualify, you or your spouse must have made specific efforts to get a job sometime during the last four weeks.

    "Underemployed" means working part-time even though you want or your spouse wants full-time employment. It refers to a condition where work is slack or only part-time work is available.

    Check "No" if neither you nor your spouse meets **all** of the descriptions mentioned above.

38. **Home.** If you (and/or your spouse) own a home, write in how much the home is worth. Use the price you could reasonably expect to receive for the home if it went on sale **today**. Don't use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. Renters, write in "0."

    Then, write in how much you (and/or your spouse) owe on the home, including the present mortgage and related debts on the home. *(Don't include interest due.)* Check with the mortgage company if you don't know.

39. **Other real estate and investments.** If you (and/or your spouse) own other real estate *(including rental property, land, second or summer homes)* or have investments, write in how much they are worth **today**. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts *(including mortgages held)*, commodities, precious and strategic metals, etc.

    Then, write in how much you (and/or your spouse) owe on other real estate and investments.

40. **Business and farm.** If you (and/or your spouse) own a business and/or farm, write in how much they are worth **today**. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. *(Home value and debt should be given in question 38.)*

    Then, write in what you (and/or your spouse) owe on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

    If you (and your spouse) are not the sole owners, write in only your (and your spouse's) share of the total value and debt.

Section H: Your 1991-92 veterans educational benefits per month *(for the student only)*

42. **Your veterans Dependents Educational Assistance Program benefits.**

42a. Write in the amount of veterans Dependents Educational Assistance Program (Chapter 35) benefits that you expect to get per month **from July 1, 1991 through June 30, 1992. Don't include** Death Pension or Dependency & Indemnity Compensation (DIC).

42b. Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get those benefits.

43. **Your Veterans Contributory Benefits (VEAP).**

43a. Write in the amount of Veterans Contributory Benefits (Chapter 32) that you expect to get per month **from July 1, 1991 through June 30, 1992.** *(Include both the Government and student portions.)* **Don't include** Death Pension or Dependency & Indemnity Compensation (DIC).

43b. Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get those benefits.

Section I: Your parents' expected 1991 taxable and nontaxable income and benefits

How to figure expected amounts

This section asks about income and benefits that your parents expect to get. If your parent is divorced, separated, or widowed, don't include information about the other parent. Answer these questions as accurately as you can. If a question doesn't apply, or your parents don't expect to get any income or benefits from that source, write in "0."

44. Check "Yes" if either of your parents (for whom you are providing information) is currently certified as a **"Dislocated Worker"** (see page 10) by the appropriate State agency.

If you checked "Yes," you may be asked to document your parent's status as a dislocated worker.

Check "No" if neither of your parents is certified as a dislocated worker. Skip to question 44 in the Student (& Spouse) column.

Important: See the table on page 5 for the kinds of income and taxes to leave out of Section I.

45. and 46. **1991 income earned from work.** Include wages, salaries, and tips. See **Important** note above.

47. **1991 other taxable income.** Write in the total amount of other taxable income that your parents will report on their 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. **Don't** include any unemployment compensation or any income that you reported in questions 45 and 46.

48. **1991 U.S. income tax to be paid.** Write in the amount of income taxes that your parents expect to pay in 1991. Make sure this amount doesn't include any FICA, self-employment, or other taxes.

49. **1991 nontaxable income and benefits.** These are the same types of income and benefits that were asked for in questions 28a, 28b, 28c, and 28d.

Section I: Your (& your spouse's) expected 1991 taxable and nontaxable income and benefits

How to figure expected amounts

This section asks about income and benefits that you (and your spouse) expect to get. If you are divorced, separated, or widowed, don't include information about your spouse. Answer these questions as accurately as you can. If a question doesn't apply to you, or if you don't expect to get any income or benefits from that source, write in "0."

44. Check "Yes" if you or your spouse is currently certified as a **"Dislocated Worker"** (see page 10) by the appropriate State agency.

If you checked "Yes," you may be asked to document your status (or that of your spouse) as a dislocated worker.

Check "No" if neither you nor your spouse is certified as a dislocated worker. Skip the rest of this section.

Important: See the table on page 6 for the kinds of income and taxes to leave out of Section I.

45. and 46. **1991 income earned from work.** Include wages, salaries, and tips. See **Important** note above.

47. **1991 other taxable income.** Write in the total amount of other taxable income that you (and your spouse) will report on your 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. **Don't** include any unemployment compensation or any income that you reported in questions 45 and 46.

48. **1991 U.S. income tax to be paid.** Write in the amount of income taxes that you and your spouse expect to pay in 1991. Make sure this amount doesn't include any FICA, self-employment, or other taxes.

49. **1991 nontaxable income and benefits.** These are the same types of income and benefits that were asked for in questions 28a, 28b, 28c, and 28d.

Sending In Your Form

Double-check your form to make sure it is complete and accurate. Be sure it has the necessary signatures.

Put the form in the envelope provided in this booklet. Don't send money. Don't put letters, tax forms, worksheets, or any extra materials in the envelope. **They will be destroyed.**

Special Instructions Definitions

Dislocated Worker - To be considered a dislocated worker, you must be currently certified as one by a State agency such as your local Employment Service or Job Service. This certification is done in accordance with Title III of the Job Training Partnership Act. A dislocated worker generally means a person who:

- has been terminated or laid-off or has received a notice of termination or lay-off;
- has been terminated or received a notice of termination as a result of permanent closure of a plant or other facility; or
- was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster.

Foreign Tax Return - If you and your spouse, or your parents, won't be filing a U.S. income tax return in 1990 (for example, Puerto Rican tax filers), follow the instructions below:

- In question 22, check the box "completed 1990 IRS Form 1040" (if a foreign tax return has been filed), or "estimated 1990 IRS Form 1040" (if a foreign tax return will be filed).
- use the information from that tax return to fill out this form;
- convert all figures to U.S. dollars, using the exchange rate that is in effect today; and
- fill out the Supplemental Information (Sections F-I.)

Legal Guardian - A legal guardian is a person who a court has:

- appointed to be your legal guardian and this legal relationship will continue after June 30, 1992; and
- directed to support you with his or her own financial resources.

Native American - If you are a Native American, report the amount of income and assets over $2,000 per individual payment that you and your spouse or your parents received in 1990 from the Per Capita Act or the Distribution of Judgment Funds Act. If $2,000 or less per individual payment was received from either of these Acts, don't report it. Don't report funds received as an award under the Alaska Native Claims Settlement Act or the Maine Indian Claims Settlement Act. Also, don't report any assets received from the Alaska Native Claims Settlement Act.

Additional Information On The Federal Student Financial Aid Programs

How Long Does It Take To Complete This Application?

It takes approximately 40 minutes to one hour and 30 minutes to complete this application. This includes the time for reviewing the instructions and form, gathering, and maintaining the necessary information and completing the form.

Send your comments regarding the time it takes to complete this form or any other aspects of the application including suggestions for reducing this burden to: U.S. Department of Education, Information Management and Compliance Division, Washington, D.C. 20202-4651; or to the Office of Management and Budget, Paperwork Reduction Project: 1840-0110, Washington, D.C. 20503.

Do All Schools Take Part In The Federal Student Financial Aid Programs?

No. More than 8,600 schools do take part in one or more of them. Contact your school's financial aid administrator to find out which Federal programs your school participates in.

Where Can I Get More Information On Federal Student Financial Aid?

This booklet gives you only a brief summary of the student financial aid programs offered by the U.S. Department of Education. Each student financial aid program has its own special features and procedures. You can get more information from the booklet: **The Student Guide: Financial Aid from the U.S. Department of Education - Grants, Loans, and Work-Study 1991-92.** To get a free copy, write to:

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

What Happens After I Mail In My Form?

Within four to six weeks after you mail in your form, the U.S. Department of Education will send you a **Student Aid Report** (SAR). On the SAR will be either a request for further information or numbers called a **Pell Grant Index** (PGI) and a **Family Contribution** (FC). We use formulas established by law to figure these numbers from the information you give us. Your school or the U.S. Department of Education may ask you to prove that the information you give on your application is true.

What Is My Pell Grant Index (PGI)?

The PGI is a number that tells whether you may be able to get a Pell Grant. If you are eligible for a Pell Grant, your school will use this number to determine the amount of your award. Even if you don't qualify for a Pell Grant, you may still qualify for one or more of the other Federal programs. Be sure to ask your financial aid administrator if your school needs any additional information from you for these other programs.

What Is My Family Contribution (FC)?

The FC is a number that helps your financial aid administrator determine if you are able to get one of the several available forms of assistance. These include Stafford Loan, SEOG, CWS, and Perkins Loan. Your school will use this number to determine the amount of your grant, loan or work-study award.

What Happens If I Don't Get A SAR Or I Need Another Copy Of My SAR?

If you don't get a SAR within four to six weeks, or you need another copy of your SAR, write to:

Federal Student Aid Programs
P.O. Box 6904
Princeton, NJ 08541

Give your name, address, social security number, and date of birth. Be sure to ask for another copy of your **1991-92 SAR**. If your address has changed since you sent in your application, be sure to give us both your old and your new address. Be sure to sign your letter.

What If My Situation Changes?

- Questions 11, 15, 18, 19, 20, and 21 ask you to make projections for the upcoming year. If your answers to these questions change, **wait** until you receive your SAR and then see your financial aid administrator.
- The income and expenses information that you give must be accurate. They must match what is or will be on your 1990 income tax forms. If your financial situation has recently changed, contact your financial aid administrator.

Worksheet #1

	For question 24 Parents	For question 24 Student/Spouse
Wages, salaries, tips, etc.	$_____.00	$_____.00
Interest income	+_____.00	+_____.00
Dividends	+_____.00	+_____.00
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, Social Security, Railroad Retirement, and all other taxable income—see the tables on pages 5 and 6 and the instructions for question 24)	+_____.00	+_____.00
Add all of the numbers in the column	=_____.00	=_____.00
Subtract IRA allowable adjustments to income (payments to IRA and Keogh Plans, interest penalty on early withdrawal of savings, and alimony paid)	-_____.00	-_____.00
TOTAL - This is your answer for question: #24	#24 $_____.00	#24 $_____.00

Worksheet #2

	For question 28d Parents	For question 28d Student/Spouse
Amounts from IRS tax forms		
Deductible IRA and/or Keogh payments from Form 1040 total of lines 24a, 24b, and 27 or 1040A line 15c	$_____.00	$_____.00
Earned income credit from Form 1040 line 57 or 1040A line 29c	+_____.00	+_____.00
Untaxed portions of pensions from Form 1040 line 16a minus 16b and 17a minus 17b or 1040A line 10a minus 10b and 11a minus 11b (excluding "rollovers")	+_____.00	+_____.00
Credit for Federal tax on special fuels from Form 1040 line 50	+_____.00	+_____.00
Foreign income exclusion from Form 2555 line 39	+_____.00	+_____.00
Tax exempt interest income from Form 1040 line 8b or 1040A line 8b	+_____.00	+_____.00
Other Untaxed Income and Benefits		
Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings). Include untaxed portions of 401(k) and 403(b) plans.	+_____.00	+_____.00
Welfare benefits (except AFDC or ADC, which you should have reported in question 26b)	+_____.00	+_____.00
Workers' Compensation	+_____.00	+_____.00
Veterans' noneducational benefits such as Death Pension, Dependency & Indemnity Compensation (DIC), etc.	+_____.00	+_____.00
Housing, food, and other living allowances (excluding rent subsidies for low income housing) paid to members of the military, clergy, and others, including cash payments and cash value of benefits.	+_____.00	+_____.00
Cash support or any money paid on your behalf, including support from a non-custodial parent	[redacted]	+_____.00
Any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, untaxed portions of Railroad Retirement Benefits, or Job Training Partnership Act noneducational benefits.	+_____.00	+_____.00
TOTAL - This is your answer for question: #28d	#28d $_____.00	#28d $_____.00

Don't include:

- Social security.
- Any income reported elsewhere on the form.
- Money from student financial aid.
- Food stamps.
- Gifts and support, other than money, received from friends or relatives.
- Veterans educational benefits (GI Bill, Dependents Educational Assistance Program, VA Vocational Rehabilitation Program, VA Contributory Benefits, etc.)
- "Rollover" pensions.

We urge you to keep these worksheets. Don't send them in with your application form. You may be asked to refer to them later to verify the information on your application. (It may also help you to show that your SAR is accurate.)

INFORMATION ON THE PRIVACY ACT AND USE OF YOUR SOCIAL SECURITY NUMBER

The Privacy Act of 1974 requires that each Federal agency that asks for your social security number or other information must tell you the following:

1. Its legal right to ask for the information and whether the law says you must give it.

2. What purpose the agency has in asking for it and how it will be used.

3. What could happen if you do not give it.

You must give your social security number (SSN) to apply for Federal student financial aid. The U.S. Department of Education's legal right under the Title IV programs to require that you provide us with your social security number is based on Sections 484(a)(4) of the Higher Education Act of 1965, as amended. The SSN is used under the Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study programs in recording information about your college attendance and progress, and in making sure that you have received your money. The SSN is also used under the Stafford Loan and Perkins Loan programs to identify the applicant to determine program eligibility and benefits and to permit servicing and collecting of the loans.

If you are applying for Federal student aid only, you must fill out everything except questions 29, 30, and 31. If you skip question 30 we will count your answer as "No" for both parts of that question. If you are applying for a Pell Grant only, you can skip question 5, 36 and 43.

The authority to request all other information (except the SSN) is based on sections 411A, 411B, 411C, 411D, 411F, 474, 475, 476, 477, 479, and 480 of the Higher Education Act of 1965, as amended. This information is used to determine the amount of Federal student aid for which you may be qualified.

The information which you supplied may be disclosed to third parties that the Department has authorized to assist in administering Federal student aid programs. This disclosure may include private firms that the Department contracts with for the purpose of collating, analyzing, totalling or refining records in the system and who are required to maintain safeguards under the Privacy Act. This may also be accomplished through computer matching programs such as the ones currently conducted with the Selective Service System and the Immigration and Naturalization Service.

We will provide your name, address, social security number, date of birth, student aid indices, student status, year in college, and State of legal residence to the college(s) that you list in question 29a, 29b, and 29c (or its representative), even if you check "No" in question 30b. This information will also go to the State agencies in your State of legal residence to help coordinate State financial aid programs with Federal student aid programs. We will provide calculations and determination of eligibility to the agency with which you filed a student aid application, or another similar agency, if you request us to do so. That agency may also release information received from the Department to colleges, State Scholarship agencies, and loan guarantee agencies that you have designated to receive information. Also, we may send information to members of Congress if you ask them to help you with Federal student aid questions. If your parents or your spouse provided information on the form they may also request to see all the information on the application.

If the Federal government, the Department, or an employee of the Department is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain other conditions are met. The information may also be made available to Federal agencies which have the authority to subpoena other Federal agencies' records. In addition, we may send your information to a foreign, Federal, State, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim which is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record, the amount, status and history of the claim and the program under which the claims arose.

Remember, we must receive your application by May 1, 1992.

FAF

FINANCIAL AID FORM

College Scholarship Service
The College Board

Mississippi

School Year 1991-92

Important — Read carefully before completing this form.

If you need financial aid, you will have to have financial information about yourself and your family sent to each college to which you apply as well as to certain federal and state aid programs. This **Financial Aid Form**, which is processed by the College Scholarship Service (CSS), permits you to apply for scholarships, grants, loans, and work-study awards from all possible sources — federal, state, institutional, and private. Check with the colleges you want to attend and with your state scholarship and grant programs to see if they need your FAF information.

If you are applying **only** for federal student financial aid, you may use this Financial Aid Form. You will not be charged any fees for processing your application if you complete only Sections A–I **and** if you do not want CSS to report your information directly to colleges or state scholarship and grant programs. If you choose this option, the U.S. Department of Education will make information available from Sections A–I to the colleges you list in question 78, at no charge to you. You will be considered for the following federal student financial aid programs: Pell Grants, Supplemental Educational Opportunity Grants (SEOG), College Work-Study (CWS), Perkins Loans, and Stafford Loans.

However, if you wish to apply for state, institutional, and/or private student aid, you may be required to fill out extra information in Sections J–R and S, if applicable, of the FAF. If your college or state agency requires this information, you must pay a fee. Also, if you are applying for financial aid from colleges and states, and you want them to receive your FAF information, you must pay a fee. The amount of your processing fee is provided in question 78 of the FAF. Check with your college financial aid office or state agency to be sure that you understand its requirements.

WARNING: You must fill out this form accurately. **The information that you supply can be checked** by your college or by the U.S. Department of Education. You may be asked to provide U.S. income tax returns, the worksheets in this booklet, and other information. If you can't or don't provide these records, you may not get federal aid.

If you get federal student aid based on incorrect information, you will have to pay it back; you may also have to pay fines and fees. If you purposely give false or misleading information on your form, you may be subject to a fine of $10,000, receive a prison sentence, or both.

What is the Financial Aid Form?

The Financial Aid Form (FAF) is a form that you fill out if you want to apply for financial aid for the 1991-92 school year from

- Colleges where you are thinking of going after high school or where you now go
- State scholarship and grant programs
- Federal student financial aid programs

The FAF collects additional information not required for federal aid programs. Many colleges may require you to fill out all sections of the form to ensure that you are considered for all kinds of state and institutional aid. If there are special circumstances that you believe will affect your eligibility, you should contact the colleges. **Do not send letters, tax forms, or other materials with your FAF as they will be destroyed.**

The information you give on the FAF is confidential. Only the filer can authorize the release of the information on the FAF. (See statement under "Information on the Privacy Act and Use of Your Social Security Number" on page 8.) Your FAF information is kept on file for seven years after your form is processed.

After you complete the FAF, send it to the College Scholarship Service (CSS). CSS is the financial aid division of the College Board, a national, not for profit association of colleges, high schools, state agencies, and educational organizations. CSS will process your FAF and send information from it to the U.S. Department of Education, if you mark "Yes" to question 30a. The Department will then send you a Student Aid Report (SAR) at no cost. (See page 8, "Additional Information on Federal Student Financial Aid Programs," for more information on your SAR.) CSS will also send your information to the colleges and programs that you list or authorize on your FAF in question 77 if you enclose the correct fee (see question 78). Each college or program then decides whether you will get financial aid and how much aid you will get. **CSS doesn't award financial aid.**

How do I apply for student financial aid from:

- ***Colleges?***

Check with the colleges you want to attend to see if they want CSS to send them your FAF information. If so, list them in question 77. Once your form is processed, you can ask CSS to send your information to additional colleges or programs. (See the instructions at the bottom right.) Some colleges may require you to fill out other forms as well.

- ***Federal student financial aid programs?***

You apply for federal student financial aid programs by marking "Yes" in question 30a.

How much does it cost to have CSS send FAF information to colleges and state scholarship and grant programs?

It costs **$6.75** for the first college and **$6.75** for each additional college you list in question 77. Don't send cash. Don't send the processing fee separately from your FAF. Make your check or money order out to the College Scholarship Service.

When should I fill out the FAF?

Fill out, sign, date, and mail the FAF after **January 1, 1991**. Any FAF received before January 1, 1991 will be returned to you unprocessed. If possible, you should send your FAF at least one month before the earliest deadline of the colleges and programs that you list in questions 29 and 77. Remember that CSS can't establish or change deadlines. Colleges and programs establish them. At the very latest, CSS must receive your FAF by **May 1, 1992**.

Where do I send the FAF?

After you fill out the FAF, put it and the correct processing fee (if required) in the envelope that you'll find inside this booklet. Mail the envelope by **regular first-class mail** to this address below.

College Scholarship Service
P.O. Box 6338
Princeton, NJ 08541

(Special handling such as registered, certified, or express mail will delay processing of your form.)

Will CSS tell me when it has finished processing my FAF?

Yes. CSS (under contract to the U.S. Department of Education) will send you a Student Aid Report (SAR). If you pay the CSS processing fee, CSS will also send you an Acknowledgment. This information will be sent to the student's mailing address given in question 2 of the FAF and it should reach you within four to six weeks after you send your FAF to CSS. If you did not apply for federal student financial aid programs, CSS will send you only an Acknowledgment.

If you pay the processing fee, the Acknowledgment, which you will receive, will list the colleges and programs to which your FAF was sent. If you authorize more than eight colleges to get your FAF information, the first Acknowledgment will list only the first eight. A second Acknowledgment listing the additional colleges will be sent to you at a later date.

If you have questions about applying for federal student financial aid, you should wait until you receive your SAR. It will tell you how to get answers to your questions.

If you have questions after you receive your Acknowledgment, you can call the CSS Calls originating from the Eastern and Central time zones should be directed to 215 790-6400, and inquiries from the Mountain and Pacific time zones should be directed to 415 653-4242. The following telephone numbers have been designated Telephone Devices for the Deaf: 215-790-6009 and 415-420-1737. **On October 7, 1991, the 415 area code will change to 510.**

Normal business hours are 8:15 A.M.-4:00 P.M. for the 215 number (Eastern Time Zone) and the 415 number (Pacific Time Zone). The above numbers can be reached only during these periods.

Do not call these numbers if you have not paid the CSS processing fee. If you are applying only for federal student financial aid, CSS cannot answer any questions. You must contact the U.S. Department of Education.

What if I later want to send my FAF to another college or program?

The Acknowledgment has a section that you can send to CSS if you later want your FAF to go to another college or program. The section is called the Additional College Request (ACR) form. The fee for the ACR is **$6.75** for the first college or program you list and **$6.75** for each additional one. Approximately four weeks is required to process an ACR.

Note: Some colleges and programs may ask you to send a copy of your and/or your parents' income tax return to them. If so, send it directly to the college or program. If you don't give the income tax information that is asked for, you may not receive aid. **Don't send income tax or W-2 forms, letters, or other material with your FAF to CSS, as they will not be kept or sent to the colleges and programs.**

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21121-31490 - 199084188 - 230219

FEDERAL STUDENT FINANCIAL AID PROGRAMS

You can use this form as the first step in applying for student financial aid offered by the U.S. Department of Education (U.S.E.D.). More than 8,600 schools take part in one or more of the federal programs. However, some schools do not take part in all of the programs. The information on this page will answer some of your questions about these programs. **For more information on federal student financial aid programs, see "ADDITIONAL INFORMATION ON FEDERAL STUDENT FINANCIAL AID PROGRAMS" on page 8.**

Who Can Get Aid from These Federal Student Financial Aid Programs

Eligibility Requirements	Pell Grants	Stafford Loans	Supplemental Educational Opportunity Grants (SEOG)	College Work Study (CWS)	Perkins Loans
Undergraduate	Yes	Yes	Yes	Yes	Yes
Graduate	No	Yes	No	Yes	Yes
At least half-time	Yes	Yes	Yes*	Yes*	Yes*
Military service	No	Yes	No	No	Yes
Must be a U.S. citizen or eligible noncitizen	Yes	Yes	Yes	Yes	Yes
Must be registered with the Selective Service (if required)	Yes	Yes	Yes	Yes	Yes
Must have financial need	Yes	Yes	Yes	Yes	Yes
Must attend a participating school	Yes	Yes	Yes	Yes	Yes
Must be working toward a degree or certificate	Yes	Yes**	Yes	Yes	Yes
Must be making satisfactory academic progress	Yes	Yes	Yes	Yes	Yes
Must not be in default or owe a refund on a federal grant or educational loan	Yes	Yes	Yes	Yes	Yes
Having a bachelor's degree makes applicant ineligible	Yes	No	Yes	No	No
Conviction of drug distribution or possession may make student ineligible	Yes	Yes	Yes	Yes	Yes

* In some cases, students going to school less than half-time may be eligible. Check with your financial aid administrator.

** In some cases, students don't have to be in a degree or certificate program. Check with your financial aid administrator.

INSTRUCTIONS

Read the instructions as you fill out this form. Mistakes will delay the processing of your form. Some instructions appear on the form itself. Since those instructions are self-explanatory, no additional information is provided. Where additional information is necessary, you will find it in this instruction booklet. BEFORE YOU BEGIN TO FILL OUT THE FORM, TEAR IT OUT OF THE BOOKLET AND LAY IT ALONGSIDE THE INSTRUCTIONS SO THAT YOU CAN CHECK FOR ADDITIONAL INSTRUCTIONS AS YOU GO ALONG. The instructions for this form will usually answer questions that you have. If you need more help, see your high school guidance counselor or your college financial aid administrator.

Although other people (besides the student who is applying for aid) may help fill out this form, it is about the student. On this form, the words "you" and "your" always mean the student. The word "college" means a college, university, graduate or professional school. "Vocational or technical school" means any school beyond high school. "Student financial aid" means money from educational loans, grants, and scholarships. It also means earnings from the College Work Study program or other earnings you received based on your financial aid administrator's determination of your financial need.

Records you will need

Get together these records for yourself and your family.

- 1990 U.S. income tax return (IRS Form 1040, 1040A, or 1040EZ).
- 1990 state and local income tax returns.
- W-2 forms and other records of money earned in 1990.
- Records of untaxed income, such as welfare, social security, AFDC or ADC, or veterans benefits.
- Current bank statements.
- Current mortgage information.
- Records of medical and dental bills that were paid in 1990.
- Business and farm records.
- Records of stocks, bonds, and other investments.

Keep these records.

Won't file a tax return. Even if you and your spouse or your parents don't file an income tax return for 1990, you will need to know earnings for the year. You may also need records showing the amount of income you reported on this form.

Tax return not completed yet. If you, your spouse, and/or your parents haven't completed a 1990 U.S. income tax return but will be filing one, **it is recommended that you complete your tax return before filling out this FAF.** Knowing what will be on your tax return will help you to fill out the FAF accurately. When your FAF is compared with the official 1990 IRS Form 1040, 1040A, or 1040EZ that is filed by you and your family, the financial information must agree. If there are any errors, **you will have to correct the information and send it back to the U.S.E.D.** If this happens, it will take longer to determine whether you are eligible for federal student aid. It could mean a delay in getting student financial aid.

If you, your spouse, and/or your parents filed or will file a **"Foreign Tax Return"** or are a **"Native American,"** see page 7.

How to Avoid Errors When Filling Out the FAF

Because the FAF is scanned by machine and then processed by computer, it must be neatly and accurately completed. Below are some suggestions for avoiding errors made by students and parents when completing the FAF. **These errors delay the processing of a student's FAF.**

- Use only a sharp No. 2 (soft lead) black pencil. Don't use ballpoint pen, ink, colored pencil, crayon, or magic marker.
- Print clearly and neatly.
- Mark response boxes with an "X" in the center of the box, like this: ☒
- Write only in the response boxes or answer spaces. Don't write in the margins of the form or outside the answer boxes or spaces. Use Section R for explanations. Don't send **letters**, tax forms, or other materials with your FAF, as they will be destroyed.
- If you make a mistake, use a clean pencil eraser only, not an ink eraser. Erase completely and carefully—don't leave smudges or marks. Don't cross out or write over any entry.
- Don't use "white-out" or other correction fluid anywhere on the FAF.
- Don't use a photocopy of the FAF or a FAF that is torn, stained, or crumpled. A photocopy or damaged form can't be processed and will be returned to you.
- Don't staple anything to the FAF.
- Don't change, delete, or add to any questions, and don't cross out any section.
- Follow all instructions exactly. If your answer is zero, write "0." Leave questions or sections blank only if you are instructed to do so.
- Round all figures to the nearest dollar. Don't use cents. For 50 cents or more, round up; for 49 cents or less, round down.

Do Use:	Don't Use:
• a sharp No. 2 pencil	• ballpoint pen, ink, colored pencil, crayon, magic marker
• a clean pencil eraser	• "white-out" or an ink eraser
• a clean FAF	• a torn, crumpled, stained FAF or a photocopy of the FAF

All students must fill in the **white** areas of the form. Also, fill in the areas outlined in **green and/or gray** as directed. There are two columns of questions in Sections D, G, and I. All students must complete the student column (right-hand column) in these sections. Parents should complete the parent column (left-hand column) outlined in green as directed.

Section A — Student's Identification Information

Print in this section information about the student who is applying for aid.

2. Write in the address where you will be receiving mail. Mail (including the SAR and the Acknowledgment) will be sent to this address. Don't use the address of the financial aid office or any other office.

Use only the state/country abbreviations listed below. If your place of residence is not included, leave the state/country abbreviation blank and write in the name of your city and territory or country in the space for city.

Alabama	AL	Indiana	IN	New Jersey	NJ	Vermont	VT
Alaska	AK	Iowa	IA	New Mexico	NM	Virgin Islands	VI
American Samoa	AS	Kansas	KS	New York	NY	Virginia	VA
Arizona	AZ	Kentucky	KY	North Carolina	NC	Washington	WA
Arkansas	AR	Louisiana	LA	North Dakota	ND	West Virginia	WV
California	CA	Maine	ME	Ohio	OH	Wisconsin	WI
Colorado	CO	Maryland	MD	Oklahoma	OK	Wyoming	WY
Connecticut	CT	Massachusetts	MA	Oregon	OR		
Delaware	DE	Michigan	MI	Pennsylvania	PA	Canada	CN
District of Columbia	DC	Minnesota	MN	Puerto Rico	PR	Federated States of Micronesia	FM
Florida	FL	Mississippi	MS	Rhode Island	RI	Marshall Islands	MH
Georgia	GA	Missouri	MO	South Carolina	SC	Mexico	MX
Guam	GU	Montana	MT	South Dakota	SD	Northern Marianas Islands	MP
Hawaii	HI	Nebraska	NE	Tennessee	TN	Palau	PW
Idaho	ID	Nevada	NV	Texas	TX		
Illinois	IL	New Hampshire	NH	Utah	UT		

4. Write in the two-letter abbreviation of your current state/country of legal residence. Use the state/country abbreviations list above.

6. Write in your birth date. For example, if you were born July 5, 1972, write:

0 7	0 5	7 2
Month	Day	Year

7. If you are a U.S. citizen (or a U.S. national), mark box "1" and go to question 8. Mark box "2" and write in your eight or nine digit Alien Registration Number if you are one of the following:

- U.S. permanent resident and you have an Alien Registration Receipt Card (I-151 or I-551).
- Other eligible noncitizen with a Departure Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: (a) "Refugee," or (b) "Asylum Granted," or (c) "Indefinite Parole" and/or "Humanitarian Parole," or (d) "Cuban Haitian Entrant."
- Other eligible noncitizen with a temporary residency card (I-688).

If you are a citizen of the Marshall Islands, Federated States of Micronesia, or Palau, see your financial aid administrator.

If you cannot mark box "1" or "2", you must mark box "3". If you are in the U.S. on only an F1 or F2 student visa, only a J1 or J2 exchange visitor visa, or only a G series visa (pertaining to international organizations), you **must** mark box "3".

9. Mark your year in college from July 1, 1991 to June 30, 1992.

10. Mark "No" if you don't have a bachelor's degree and you won't have one by July 1, 1991.

Mark "Yes" if you already have a bachelor's degree or will have one by July 1, 1991. Also mark "Yes" if you have or will have a degree from a university in another country that is equal to a bachelor's degree.

Section B — Student Status

Answer all of question 11. A blank counts as "No."

11a. Mark the correct box. See your answer to question 6.

11b. Mark "Yes" if you are a veteran of active service in the U.S. Army, Navy, Air Force, Marines, or Coast Guard. Also mark "Yes" if you are not a veteran now but will be one by June 30, 1992. Mark "No" if you are or were:

- never in the U.S. Armed Forces
- only an ROTC student
- only a cadet or midshipman at one of the service academies
- only a National Guard or Reserves enlistee, **or**
- currently serving in the U.S. Armed Forces, and will continue to serve through June 30, 1992.

11c. Mark "Yes" if (1) both your parents are dead and you don't have an adoptive parent or legal guardian or (2) if you are currently a ward of the court. (For a definition of "**Legal Guardian**," see page 7.) Otherwise, mark "No."

11d. Mark "Yes" if you have any children who get more than half their support from you. Also mark "Yes" if other people live with you and get more than half their support from you and will continue to get that support during the 1991-92 school year. Don't include your spouse. Otherwise, mark "No."

"Parents" in questions 12, 14a, 14b, 14c, 14d, 14e, and 15 means your mother and/or father or your adoptive parents, or legal guardian. "Parents" does not mean foster parents and, for this section, it does not mean stepparents. Later the instructions will tell you if you should supply information about your stepparent.

Unmarried Undergraduate Students Only

12. If your parents claimed you as an exemption on their 1989 income tax return and/or will do so on their 1990 income tax return, you must mark "Yes." If your parents are divorced or separated, mark "Yes" if either of your parents claimed you as an exemption in 1989 and/or will do so on their 1990 income tax return. Otherwise, mark "No."

13. Mark the box that best describes when you first received federal student aid **beginning with the 1987-88 school year** (July 1, 1987-June 30, 1988). Mark only one box.

Federal student aid includes:

- Pell Grant
- Stafford Loan/Guaranteed Student Loan (GSL) - including Supplemental Loans for Students (SLS).
- Supplemental Educational Opportunity Grant (SEOG).
- College Work-Study (CWS).
- Perkins Loan/National Direct Student Loan (NDSL), **or**
- State Student Incentive Grant (SSIG). These grants often have other names such as Student Incentive Grants, Incentive Grants, Tuition Grants, etc.

Below are some examples to help you answer question 13.

Example #1 — Buck Bundy received federal student aid in the 1988-87 and 1987-88 school years. Therefore, Buck should mark box "1". Even if Buck had received federal student aid in the 1985-86 and 1987-88 school years, he should still mark box "1" because the first school year (beginning with 1987-88) in which he received federal student aid was 1987-88.

Example #2 — Jeff Akbar **first** received federal student aid in the 1988-89 school year. Therefore, Jeff should mark box "2".

Example #3 — Wu Lin **first** received federal student aid in the 1989-90 school year. Therefore, Wu should mark box "3".

Example #4 — Kate Murphy **first** received federal student aid in the 1990-91 school year. Therefore, Kate should mark box "4".

Example #5 — Vickie Tingley [illegible] federal student aid in the 1986-87 school year **and** has not received federal student aid since then. Therefore Vickie should mark box "5".

Example #6 — Joaquin Rodriguez has never received federal student aid. Therefore, Joaquin should mark box "6".

14a.-14e. When figuring your resources for question 14a, 14b, 14c, 14d, or 14e, be sure to include:

- wages, salaries, tips, etc.
- interest income and dividend income
- any student financial aid (except PLUS loans)
- personal long-term cash loans used for educational purposes, **and**
- any other income and benefits (such as veterans cash benefits, fellowships, etc.).

Don't include any resources such as money that you earned from your parents or gifts that you received from them.

Married Students or Graduate/Professional Students Only

15. If your parents will claim you on their 1991 income tax return, you must mark "Yes."

You must see your financial aid administrator before completing the rest of this form if:

- you answered "No" to all parts of question 11 but after answering question 12, 14a, 14b, 14c, 14d, 14e, or 15 you are told to fill in the gray and white areas, **and**
- you were not required to provide parental information in 1990-91, **and**
- you were claimed by any person other than your spouse as a tax exemption in 1990.

Important Instructions for Sections C, D, E, F, G, I, M, and N

Green area — parents' information

Read the descriptions below. Choose the one that is true for you, and follow the instructions.

- **Your parents are both living and married to each other.** Answer the questions on the rest of the form about them.
- **You have a legal guardian.** Answer the questions on the rest of the form about your "**Legal Guardian**." For a definition of "Legal Guardian" see page 7.
- **Your parents have divorced or separated.** Answer the questions on the rest of the form about the parent you lived with most in the last 12 months. For example, if you lived with your mother most, answer the questions about her and not about your father. If you did not live with one parent more than with the other in the last 12 months, answer in terms of the parent who provided the most financial **support** during that time. If neither parent provided greater financial support during the last 12 months, answer in terms of the parent who provided the greater support during the most recent calendar year. (Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care payment of college costs, etc.)
- **Your parent is widowed or single.** Answer the questions on the rest of the form about your widowed or single parent.

If you have a stepparent: If the parent that you counted above has married or remarried, you must also include information about your stepparent **(even if they were not married in 1990)**.

If you are reporting information about your stepparent, note that whenever the word "parents" is used on the rest of the form, it also means your stepparent.

Section C — Household Information

Parents' information — green area

16. Mark the current marital status of the people that you give information for on this form. For example, if you give information about your mother and stepfather, mark the box that says "married," because your mother and stepfather are married.

17. Write in the two-letter abbreviation for your parents' current state/country of legal residence. Use only state/country abbreviations given under the instruction for question 2.

18. Write in the number of people that your parents will support between July 1, 1991 and June 30, 1992. Always include your parents and yourself. Include your parents' other children if they get more than half their support from your parents. **Also include them if they would be required to provide parental information when applying for federal student aid for the 1991-92 school year.** Include other people only if they now live with and get more than half their support from your parents and will continue to get this support between July 1, 1991 and June 30, 1992. (Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care payment of college costs, etc.)

19. Write in the number of people from question 18, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Gray area — student's (& spouse's) information

Fill out this section with information about yourself (and your spouse). If you are divorced, separated, or widowed, don't include information about your spouse. Although you must complete all the boxes in the areas outlined in **gray** and the **white** areas, you may also have to fill in the **green areas** if a college or program asks you to.

Student's (& spouse's) information — gray area

20. Write in the number of people that you will support between July 1, 1991 and June 30, 1992. Include yourself and your spouse. Include your children if they get more than half their support from you. Include other people only if they meet the following criteria:

- they now live with you, **and**
- they now get more than half their support from you, and will continue to get this support between July 1, 1991 and June 30, 1992.

21. Write in the number of people from question 20, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Section D — Parents' 1990 Income, Earnings, and Benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any other question is "none" or "zero," put a zero in the answer space.
Don't leave it blank or don't use dashes. For example: $ 0 .00

If your parents filed or will file a "Foreign Tax Return" or a Puerto Rican tax return, see page 7.

22. U.S. income tax figures for 1990

From a completed return. Mark box "1" or "2" to indicate which IRS form was filed. Use the tax return to answer questions 23-28.

Estimated. Mark box "3" or "4" if your parents have not yet filed but will file a 1990 U.S. income tax return. Use their financial records to answer questions 23-28. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Mark box "5" if your parents will not file a 1990 U.S. income tax return. Don't answer questions 23-25. Skip to question 26.

If you are giving information for only one parent and that parent filed (or will file) a joint tax return for 1990, give only that parent's portion of the exemptions and income asked for in questions 23-28. If your parents are married and they filed (or will file) separate tax returns for 1990, be sure to include both parents' exemptions and income in questions 23-28.

23. Total number of exemptions for 1990

Write in the number from Form 1040, line 6e, or 1040A, line 6e. If your parent used the 1040EZ and marked "Yes" in question 4 of that form, write in "00." Otherwise, write in "01."

Important: See the table below for **some** of the types of student financial aid that you should **exclude** from income and taxes in questions 24-28.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships, or Fellowships	Yes	Yes
Earnings from a work program, including Assistantships	Yes	No
Loans	Yes	Yes

24. Adjusted Gross Income (AGI) for 1990

Don't include any income or capital gains from the sale of a business or farm if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, involuntary liquidation, or bankruptcy.

Use **Worksheet** I on page 8 to answer question 24 if you can't get a 1990 U.S. tax form but will be filing one.

25. U.S. income tax paid for 1990

Make sure this amount doesn't include any FICA, self employment, or other taxes. Don't copy the amount of "federal income tax withheld" from a W-2 form.

26.-S Income earned from work in 1990

27. If you **skipped questions 23-25,** include your parents' earnings from work in 1990. Add up the earnings from your parents' W-2 forms and any other earnings from work that are not included on the W-2 forms.

If you **answered questions 23-25,** include the "wages, salaries, tips, etc." from your parents' Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If your parents filed a joint return, report your father's and mother's earnings separately. If your parents own a business or farm, also add in the amounts from Form 1040, lines 12 & 18.

28a.-28d. Untaxed income and benefits for 1990

28a. Social security benefits for 1990

Write in the amount of untaxed social security benefits (including Supplemental Security Income) that your parents got in 1990. Don't include any benefits reported in question 24. Don't give monthly amounts; write in the total for 1990. Be sure to include the amounts that your parents got for you and their other children.

28b. Aid to Families with Dependent Children (AFDC or ADC) for 1990

Don't give monthly amounts; write in the total for 1990. Don't report social security benefits here.

28c. Child support received for all children for 1990

Include the student. Don't report monthly amounts; write in the total for 1990.

28d. Other untaxed income and benefits for 1990

Add up your parents' other untaxed income and benefits for 1990. Use Worksheet II on page 8. Be sure to include your parents' earned income credit and deductible IRA/Keogh payments, if any.

Section D — Student's (& Spouse's) 1990 Income, Earnings, and Benefits

Everyone must answer the questions in the Student (and Spouse) column in Section D.

If you are married, include your spouse's information in Section D.

If the instructions tell you to skip a question, leave it blank. If your answer to any other question is "none" or "zero," put a zero in the answer space.
Don't leave it blank; don't use dashes. For example: $ 0 .00

If you or your spouse filed or will file a "Foreign Tax Return" or a Puerto Rican tax return, see page 7.

22. U.S. income tax figures for 1990

From a completed return. Mark box "1" or "2" to indicate which IRS form was filed. Use this tax return to answer questions 23-28.

Estimated. Mark box "3" or "4" if you (and your spouse) have not yet filed but will file a 1990 U.S. income tax return. Use your financial records to answer questions 23-28. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Mark box "5" if you (and your spouse) will not file a 1990 U.S. income tax return. Don't answer questions 23-25. Skip to question 26.

If you are divorced, separated, or widowed and you filed (or will file) a joint tax return for 1990, give only your portion of the exemptions and income asked for in questions 23-28. If you are married and you and your spouse filed (or will file) separate tax returns for 1990, be sure to include both your and your spouse's exemptions and income in questions 23-28, even if you were not married in 1990.

23. Total number of exemptions for 1990

Write in the number from Form 1040, line 6e, or 1040A, line 6e. If you used the 1040EZ and you marked "Yes" in question 4 of that form, write in "00." Otherwise, write in "01."

Important: See the table below for **some** of the types of student financial aid that you should **exclude** from income and taxes in questions 24-28.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships, or Fellowships	Yes	Yes
Earnings from a work program, including Assistantships	Yes	No
Loans	Yes	Yes

24. Adjusted Gross Income (AGI) for 1990

Don't include any income or capital gains from the sale of a business or farm if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, involuntary liquidation, or bankruptcy.

Use Worksheet I on page 8 to answer question 24 if you can't get a 1990 U.S. tax form but will be filing one.

25. U.S. income tax paid for 1990

Make sure this amount doesn't include any FICA, self employment, or other taxes. Don't copy the amount of "federal income tax withheld" from a W-2 form.

26.-S Income earned from work in 1990

27. Don't leave blank. Write in "0" if you or your spouse didn't have any earned income. Also write in "0" in question 27 if you are not married.

If you **skipped questions 23-25,** include your (and your spouse's) earnings from work in 1990. Add up the earnings from your (and your spouse's) W-2 forms and any other earnings from work that are not included on the W-2 forms.

If you **answered questions 23-25,** include the "**wages, salaries,** tips, etc." from your (and your spouse's) Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If you (and your spouse) filed a joint return, report your (and your spouse's) earnings separately. If you (and/or your spouse) own a business or farm, also add in the amounts from Form 1040, lines 12 and 19.

28a.-28d. Untaxed income and benefits for 1990

Don't include benefits reported in questions 28a, 28b, 28c, or 28d of the parent column here.

28a. Social security benefits for 1990

Write in the amount of untaxed social security benefits (including Supplemental Security Income) that you (and your spouse) got in 1990. Don't include any benefits reported in question 24. Don't give monthly amounts; write in the total for 1990. Be sure to include the amounts that you got for your children.

28b. Aid to Families with Dependent Children (AFDC or ADC) for 1990

Don't give monthly amounts; write in the total for 1990. Don't report social security benefits here.

28c. Child support received for all children for 1990

Don't report monthly amounts; write in the total for 1990.

28d. Other untaxed income and benefits for 1990

Add up your (and your spouse's) other untaxed income and benefits for 1990. Use Worksheet II on page 8. Be sure to include your (and your spouse's) earned income credit and deductible IRA/Keogh payments, if any.

Section E — Federal Student Aid Release and Certification

29. Write in the **complete** name, city, state, and CSS code number of the college that you will **most** likely be going to during the 1991-92 school year. If you are applying **only** for federal student financial aid, the U.S. Department of Education will make information available from Sections A-I to the **colleges** you list at no charge to you. In 29a, write in the name, address, and CSS code number of your first-choice college. In 29b, write in the name, address, and CSS code number of your second-choice college. In 29c, write in the name, address, and CSS code number of your third-choice college. If you don't know yet which colleges you are most interested in, you may leave this question blank. See the CSS code list for college codes. **You must also list these same colleges in question 77. If you wish CSS to report your information to them directly, A fee is required.**

30a. Mark "Yes" if you want CSS to send information from your FAF to the U.S. Department of Education so that you can be considered for a Pell Grant and other federal student financial aid. Mark "No" if you don't want to be considered for such aid. If you mark "No," you will not receive a SAR. **If you leave the answer to this question blank, it will be counted as "No."**

30b. Mark "Yes" to either part of question 30b if you give the U.S. Department of Education permission to send information from this form to the financial aid agencies in your state and/or the college(s) (or their representatives) in question 29. Mark "No" if you don't want your information sent. Some state agencies and colleges may use this information to help decide whether you will get an award and to see if you reported correct information. Also, they may use it to help in the processing of your application for a Stafford Loan, if you are eligible.

The U.S. Department of Education **will provide** your name, address, social security number, date of birth, Pell Grant Index (PGI), Family Contribution (FC), student status, year in college, and state of legal residence to the college(s) that you listed in question 29 (or their representatives), even if you mark "No" to the college(s) part of the question. This information will also go to the state agencies in your state of legal residence to help coordinate state financial aid programs with federal student financial aid programs, even if you mark "No" to the state agencies' part of the question. However, no additional information such as income information will be sent if you mark "No" to either part of question 30b.

State agencies and colleges that use CSS' reporting and analysis services require that CSS information be sent directly to them. Generally you must complete Sections J through R, and S, if applicable, of the FAF and request that CSS send your information to the state agency and colleges. See questions 77 and 79.

31. Selective Service registration

In order to receive federal student aid, you must be registered with Selective Service if you are a male who is at least 18 years old and born after December 31, 1959.

Mark the box **only** if you:

- are 18 through 25 years of age **and**
- have not yet registered with Selective Service, **and**
- give Selective Service permission to register you.

If you believe that you are not required to be registered, call the Selective Service at 1-800-621-3368 for information regarding exemptions.

Note: If you wish to register with Selective Service using this form, you must give permission for CSS to send your FAF information to the U.S. Department of Education. You can do this by marking "Yes" in question 30a.

32. Certification: You must sign this form. If you don't sign this form, it will be returned unprocessed. If you are married, your spouse must sign this form. If you filled in the green areas, at least one of your parents must also sign this form. **Everyone signing this form is certifying that all the information on the form is correct** and that everyone is willing to give documents to prove that the information is correct. Such documents may include U.S., state, or local income tax returns.

Don't complete, sign, or date the form before January 1, 1991. Any FAF dated or received before January 1, 1991, will be returned unprocessed.

Important:

- If you are applying for institutional or state aid as well as federal aid, you may be required to complete all the remaining sections of this form. **A fee is required (see question 78).** Check with your financial aid administrator. Be sure to sign the Certification at question 32.

OR

- If you are applying only for federal aid, complete Worksheet A or B below to see if you need to fill out Sections F through R. Although not required for federal programs, your college may ask that you complete Sections J through R, and S if applicable. The processing of this additional information requires a fee. Be sure to sign the Certification at question 32. If you want CSS to send information to colleges, you must list them at question 77 and pay the correct fee.

WORKSHEET A

If you are filling out the green and white areas, you will need to refer to Section D to complete Worksheet A below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through R).

WORKSHEET A FOR THE SIMPLIFIED NEEDS TEST

1. Did (or will you, your spouse, or your parents) file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)
   Yes (Fill out Sections F through I.) No (Fill out the rest of this worksheet.)

Mark "Yes" if a foreign or Puerto Rican tax return was or will be filed.

Income from:	Parents Column A	Student/Spouse Column B
2a. Question 24	$ .00	$ .00
OR		
2b. Questions 26 and 27 (Use only if you left question 24 blank.)	$ .00	$ .00
3. Write in the total of column A and column B entries from Question 2.	$ .00	

If the total from 3 is **$15,000 or less**, mail the form to CSS. If you want CSS to report your information to your state agency and to colleges, follow the instructions at question 77. You do not have to fill out Sections F through I unless you, your spouse, or at least one of your parents is a dislocated worker or your school or state asks you to.

If the total from 3 is **$15,001 or more**, you must fill out Sections F through I. Then mail the form to CSS. If you want CSS to report your information to your state agency and to colleges, follow the instructions at question 77. **If you are applying for state or institutional aid, you may be required to complete the rest of the FAF. Check with your financial aid administrator.**

WORKSHEET B

If you are filling out the green and white areas, you will need to refer to Section D to complete Worksheet B below. The worksheet will tell you whether you must fill out Sections F through I.

WORKSHEET B FOR THE SIMPLIFIED NEEDS TEST

1. Did (or will you (or your spouse) file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)
   Yes (Fill out Sections F through I.) No (Fill out the rest of this worksheet.)

Mark "Yes" if a foreign or Puerto Rican tax return was or will be filed.

Income from:	Student/Spouse
2a. Question 24	$ .00
OR	
2b. Questions 26 and 27 (Use only if you left question 24 blank.)	$ .00

If the answer from either Question 2a or 2b is **$15,000 or less**, mail the form to CSS. If you want CSS to report your information to your state agency and to colleges, follow the instructions at question 77. You do not have to fill out Sections F through I unless you are or your spouse is a dislocated worker or your school or state asks you to.

If the answer from either Question 2a or 2b is **$15,001 or more**, you must fill out Sections F through I. Then mail the form to CSS. If you want CSS to report your information to your state agency and to colleges, follow the instructions at question 77. **If you are applying for state or institutional aid, you may be required to complete the rest of the FAF. Check with your financial aid administrator.**

Section F — Parents' 1990 Expenses

Don't leave any of these questions blank. If a question doesn't apply to you, parents, write in "0."

33. Medical and dental expenses in 1990 not paid by insurance

Write in the amount of money that your parents **paid** in 1990 for medical and dental expenses (include insurance premiums). **Don't include** amounts covered by insurance or self-employed health deductions from Form 1040, line 26. If your parents itemized deductions on their 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

34a. Elementary, junior high, and high school tuition paid in 1990

Write in the amount of money that your parents **paid** in 1990 for elementary, junior high, and high school tuition for family members who were included in question 19. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition paid by scholarships. Also, don't include any tuition that your parents paid for you or any tuition for preschool or college.

34b. Write in the number of dependent children for whom the amount listed in 34a was paid in 1990. Don't include yourself, the student, or any person who was not included in question 18.

Section F — Student's (& Spouse's) 1990 Expenses

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

33. Medical and dental expenses in 1990 not paid by insurance

Write in the amount of money that you (and your spouse) **paid** in 1990 for medical and dental expenses (include insurance premiums). **Don't include** amounts covered by insurance or self-employed health deductions from Form 1040, line 26. If you (and your spouse) itemized deductions on your 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

34a. Elementary, junior high, and high school tuition paid in 1990

Write in the amount of money that you (and your spouse) **paid** in 1990 for elementary, junior high, and high school tuition for family members who were included in question 20. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition paid by scholarships. Also, don't include any tuition that you paid for yourself or any tuition for preschool or college.

34b. Write in the number of dependent children for whom the amount listed in 34a was paid in 1990. **Don't include** yourself or any person who was not included in question 20.

Section G — Parents' Asset Information

35. Mark "Yes" if either of your parents (for whom you are providing information) meets all the following descriptions for a displaced homemaker:

- your parent has not worked full time or the labor force for a substantial number of years (e.g., approximately five years or more) but has during those years worked in the home providing unpaid services for family members, **and**
- your parent has been dependent on public assistance or on the income of another family member but is no longer receiving that income, or your parent is receiving public assistance because of dependent children in the home, **and**
- your parent is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"Unemployed" means not working this week but being available for work. To qualify, your parent must have made specific efforts to get a job sometime during the last four weeks.

"Underemployed" means working part time even though your parent wants full time employment. It refers to a condition where work is slack or only part time work is available.

Mark "Yes" if neither of your parents meets **all** the descriptions mentioned above.

36. Write in the age of your older parent for **whom you gave information on this form.**

Don't leave any of these questions blank. If a question doesn't apply to your parents, write in "0."

You must give information about your parents' assets in questions 37-41. If you are giving information for only one parent and that parent has jointly owned assets, give only that parent's portion of the assets and debts. If your parents have assets jointly with someone else, give only your parents' portion of the assets and debts.

In questions 37-41, **don't include**:

- personal or consumer loans, or any debts that are not related to the assets listed
- the value of retirement plans (pension funds, annuities, IRAs, Keogh plans, etc.)
- student financial aid

38. Home

If your parents own a home, write in how much the home is worth. Use the price your parents could reasonably expect to receive for their home if it went on sale today. Don't use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. Renters, write in "0."

Then write in how much is owed on the home including the present mortgage and related debts on the home. (Don't include interest due.) Check with the mortgage company if you don't know.

39. Other real estate and investments

If your parents own other real estate (including rental property, land, second or summer homes) or have investments, write in how much they are worth **today**. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, precious and strategic metals, etc.

40. Business and farm

If your parents own a business and/or farm, write in how much they are worth today. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. (Home value and debt should be given in question 38.)

Then write in what is owed on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

If your parents are not the sole owners, write in only their share of the total value and debt.

Section G — Student's (& Spouse's) Asset Information

35. Mark "Yes" if you (or your spouse) meet **all** the following descriptions for a displaced homemaker:

- you (or your spouse) have not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more) but have, during those years, worked in the home providing unpaid services for family members; **and**
- you (or your spouse) have been dependent on public assistance or on the income of another family member but are no longer receiving that income, or you (or your spouse) are receiving public assistance because of dependent children in the home; **and**
- you (or your spouse) are unemployed or underemployed and are experiencing difficulty in obtaining or upgrading employment.

"Unemployed" means not working this week but being available for work. To qualify, you (or your spouse) must have made specific efforts to get a job sometime during the last four weeks.

"Underemployed" means working part time even though you want or your spouse wants full-time employment. It refers to a condition where work is slack or only part time work is available.

Mark "No" if neither you nor your spouse meets **all** the descriptions mentioned above.

Don't leave any of these questions blank. If a question doesn't apply to you, write in "0."

You must give information about your (and your spouse's) assets in questions 37-41. If you are divorced or separated and you have jointly owned assets, or if you (and your spouse) have assets owned jointly with someone else, give only your (and your spouse's) portion of the assets and debts. Be sure to give information about assets held in trust for you (and your spouse).

In questions 37-41, don't include:

- personal or consumer loans, or any debts that are not related to the assets listed
- the value of retirement plans (pension funds, annuities, IRAs, Keogh plans, etc.)
- student financial aid

36. Home

If you (and/or your spouse) own a home, write in how much the home is worth. Use the price you could reasonably expect to receive for the home if it went on sale today. Don't use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. Renters, write in "0."

Then write in how much is owed on the home including the present mortgage and related debts on the home. (Don't include interest due.) Check with the mortgage company if you don't know.

39. Other real estate and investments

If you (and/or your spouse) own other real estate (including rental property, land, second or summer homes) or have investments, write in how much they are worth **today**. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, precious and strategic metals, etc.

40. Business and farm

If you (and/or your spouse) own a business and/or farm, write in how much they are worth today. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. (Don't include the home. (Home value and debt should be given in question 36.)

Then write in what is owed on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

If you (and your spouse) are not the sole owners, write in only your (and your spouse's) share of the total value and debt.

Section H — Student's Veterans 1991-92 Educational Benefits

43a.-43b. Your veterans Dependents Educational Assistance Program Benefits

43a. Write in the amount of veterans Dependents Educational Assistance Program (Chapter 35) benefits that you expect to get per month **from July 1, 1991 through June 30, 1992**. **Don't include** Death Pension or Dependency & Indemnity Compensation (DIC).

43b. Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get those benefits.

43a.-43b. Your veterans Contributory Benefits (VEAP)

43a. Write in the amount of Veterans Contributory Benefits (Chapter 32) that you expect to get per month **from July 1, 1991 through June 30, 1992**. (Include both the government and student portions.) **Don't include** Death Pension or Dependency & Indemnity Compensation (DIC).

43b. Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get those benefits.

Section I — Parents' Expected 1991 Taxable & Nontaxable Income & Benefits

44. Mark "Yes" if either of your parents (for whom you are providing information) is currently certified as a "**Dislocated Worker**" (see page 7) by the appropriate state agency.

If you marked "Yes," you may be asked to document your parent's status as a dislocated worker.

Mark "No" if neither of your parents is certified as a dislocated worker.

Questions 45-49 ask about income and benefits your parents expect to get in 1991. If your parent is divorced, separated, or widowed, **don't** include information about the other parent. Answer these questions as accurately as you can. If a question doesn't apply, or if your parents don't expect to get any income or benefits from that source, write in "0."

Important Note: See the table on page 4 for the kinds of income and taxes to leave out of questions 45-49.

45.a Income earned from work in 1991

46. Include wages, salaries, and tips. See **Important Note** above.

47. Other taxable income for 1991

Write in the total amount of other taxable income that your parents will report on their 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. **Don't include** any unemployment compensation or any income reported in questions 45 and 46.

48. U.S. income tax to be paid for 1991

Write in the amount of income tax that your parents expect to pay in 1991. Be sure this amount doesn't include any FICA, self-employment, or other taxes.

49. Nontaxable income and benefits for 1991

These are the same types of income and benefits that were asked for in questions 28a-28d.

Section J — Student's (& Spouse's) Expected 1991 Taxable & Nontaxable Income & Benefits

44. Mark "Yes" if you (or your spouse) are currently certified as a "**Dislocated Worker**" (see page 7) by the appropriate state agency.

If you marked "Yes," you may be asked to document your status (or that of your spouse) as a dislocated worker.

Mark "No" if neither you nor your spouse is certified as a dislocated worker.

Questions 45-49 ask about income and benefits you (and your spouse) expect to get in 1991. If you are divorced, separated, or widowed, **don't** include information for your spouse. Answer these questions as accurately as you can. If a question doesn't apply to you, or if you don't expect to get any income or benefits from that source, write in "0."

Important Note: See the table on page 4 for the kinds of income and taxes to leave out of questions 45-49.

45.a Income earned from work in 1991

46. Include wages, salaries, and tips. See **Important Note** above.

47. Other taxable income for 1991

Write in the total amount of other taxable income that you (and your spouse) will report on your 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. **Don't include** any unemployment compensation or any income that you reported in questions 45 and 46.

48. U.S. income tax to be paid for 1991

Write in the amount of income tax that you (and your spouse) expect to pay in 1991. Be sure this amount doesn't include any FICA, self-employment, or other taxes.

49. Nontaxable income and benefits for 1991

These are the same types of income and benefits that were asked for in questions 28a-28d.

Section J — Student's Other Information

53. If you are now in high school, write in your high school six-digit code number. You can get the code from your high school counselor. If you answer this question, information on your filing status will be sent to your high school counselor.

54a. List all colleges attended. List the most recent college first. Give the month and year for the period attended. Write in the CSS code number from the list at the back of this booklet. If the code number is not listed, leave it blank.

55. Write in the two-digit code that best describes your planned course of study. Use only the codes listed below.

01 Agriculture	13 Languages	25 Psychology
02 Architecture	14 Health Professions Nursing	26 Religious Theology
03 Biological Science	15 Home Economics	27 Social Science
04 Business / Commerce / Computer Science	16 Law	28 Anthropology / Sociology / Criminology
05 Education (teaching)	17 Mathematics	29 Trade and Industrial training
06 Engineering	18 Medical Sciences	30 Political Science / Government / History
07 English Literature	19 Military Science	31 Communication
08 Fine and Applied Arts	20 Philosophy	32 Continuing Education
09 Foreign Language / Literature	21 Physical and Earth Science / Chemistry	33 Undeclared
10 Family / Consumer Science	22 Physical Fitness / Recreation	34 Other
11 Journalism	23 Police Science	
12 Library Science	24 Pre-Professional	

56. Write in the month and year you expect to complete the college degree or certificate that you will be working toward.

57. Mark your enrollment status in college from July 1, 1991 to June 30, 1992.

61. Mark "Yes" if you are currently supposed to be repaying a federal educational loan (Stafford/GSL, FISL, SLS/PLUS/ALAS, Perkins/NDSL, ICL, Consolidated Loan programs), but failed to make required payment according to the terms of your promissory note. Otherwise, mark "No." (See information on "Additional Federal Student Financial Aid Programs" on page 6.)

62. Mark "Yes" if you owe money to a college because you received an overpayment on a federal grant (Pell, SEOG, SSIG). Otherwise, mark "No."

63a. If you have a driver's license, write in the first 19 letters and/or numbers. If you don't have a driver's license, leave this question and 63b blank.

Section K — Student's Expected Summer/School Year Income

64.-67. Write in the information for the 3-month summer of 1991 and the 9-month school year of 1991-92. These are the same types of income and benefits asked for in questions 45-49.

Section L — Student's Expected Other Veterans Benefits

68. Other veterans benefits

Write in the amount of other veterans benefits that you will get per month. Include benefits from:

- Selective Reserve pay (Montgomery GI Bill: Chapter 106)
- New GI Bill (Montgomery GI Bill: Chapter 30)
- Vocational Rehabilitation (Chapter 31)
- REPS (Restored Entitlement Program for Survivors: Section 156)

Don't include any benefits reported in question 42 or 43.

Section M — Family Members' Listing

69. Be sure to complete all parts of this question, giving the information asked for in each column. If Section B instructed you to complete the gray and white areas of the form, give information for all family members included in question 38. Otherwise, give information for all family members included in question 18.

Section N — Parents' Other Information

72. See the instructions for 39 for a definition of non-real estate investments. Exclude all real estate investments reported in 39 from this question.

73. Use 73a-73f to show the breakdown of adjusted gross income in question 24. The total in 73g must equal your answer to question 24.

Section O — Divorced, Separated, or Remarried Parents

This section is to be filled out by the parent who is completing this form if the student's natural or adoptive parents are divorced or separated.

Section P — Stafford Loan Information (formerly GSL)

You are encouraged to answer the questions in this section even if you don't think you want a Stafford Loan. Answering these questions does not commit you to accept a Stafford Loan nor does it guarantee that you are eligible for a Stafford Loan. It simply provides most colleges with the information they need to offer you a complete package of financial aid resources that you can either accept or reject. If you should later decide to borrow, answering these questions now may avoid unnecessary delays in getting the financial aid you need.

For additional information on Stafford Loans, see "Who Can Get Aid From These Federal Student Financial Aid Programs" on page 2.

75a. Include any unpaid Stafford Loans or GSLs or Federally Insured Student Loans (FISL). Include any unpaid portion of a Stafford Loan or GSL that is included in a Consolidation Loan. Don't include Supplemental Loans for Students (SLS), Auxiliary Loans to Assist Students (ALAS), Perkins Loans, or PLUS loans. If you have attended more than one college, include all Stafford Loans or GSLs that you received at each. If you have made any payments, enter only the unpaid balance of the loan(s) rather than the amount borrowed. If you don't know what your unpaid balance is, contact your lender. If you have never received a Stafford Loan or GSL or if you have repaid all your Stafford Loans or GSLs, write in "0."

75b.-78a. These questions refer to your latest record Stafford Loan or GSL. Skip these questions if you answered "0" to question 75a.

For **question 76b**, mark the interest rate of your most recent loan. See your promissory note if you are unsure. The choice of "9-10%" means that the loan has an interest rate of 9% for the first four years of repayment and 10% after that.

Don't write in a "0" or "N/A."

Section Q — Student's Colleges & Programs

77. Give the full name, CSS code number, and housing code for each college and program to which you want CSS to send information from this FAF. Be sure to include the college(s) that you listed in question 29. Don't list federal student financial aid programs. Be sure you enclose the right fee.

You can list up to eight colleges and programs in the (a) area. If you want more than eight colleges or programs to receive your FAF information, list them with your name and social security number on a separate, full-size 8 ½" × 11" sheet of paper. Be sure to include $8.75 for each additional college. The eight colleges that you list in this question will be processed first and will appear on your first Acknowledgment. If you list more than eight colleges, you will receive a second Acknowledgment. You cannot change or delete a college or program once your form is processed.

You will find the code numbers in the CSS code list at the back of this booklet. Colleges on the code list are listed alphabetically within the state in which they are located. If a state has one or more state scholarships or grant programs, they are printed at the beginning of the state's listing in bold type. A dash (—) to the left of a college means that it is a campus or branch of a college or university system.

The inclusion of a college on the CSS code list doesn't necessarily mean that the college requires the FAF. Check with the college if you're not sure. Be sure to use only CSS code numbers in question 77. If you use a wrong code number, your FAF will be sent to the wrong college. If you can't find a code number for a college, be sure that the college needs a copy of your FAF. Then, write in the name and city and state of the college, but leave the space for the CSS code number blank. CSS will write in the code number for you.

Write in the housing code that best describes where you plan to live while attending college during 1991-92. If you are considering more than one college, answer this question regarding living arrangements for each college you list. Answer "With parents" if you will live with one or both of your parents while you are attending college during 1991-92. Answer "Campus housing" if you will live in housing controlled by the college you will attend. Answer "Off-campus housing" if you will not be living with your parents, in campus housing, or with relatives (other than a spouse or children) while attending college. Answer "With relatives" if you will live with relatives other than your parents, spouse, or children.

78. Mark the box that tells how many colleges and programs are listed in question 77. Make out your check or money order for the correct fee to the College Scholarship Service. This fee covers the cost of reporting your information to the colleges and programs you have indicated. CSS's responsibility to you in this regard does not extend beyond the amount of your fee. If you send a check that the bank won't accept, you will be charged an additional $5.00 fee. Checks must not be written on foreign banks; students outside the U.S. (except for Canada and U.S. possessions) should use an international money order. Send the fee with your FAF-to CSS. (Don't staple your check or money order to your FAF.) The FAF will be returned to you if you marked "Yes" at question 39a and no fee is enclosed.

Double-check your FAF to make sure it is complete and accurate. Make a copy of the completed FAF for your records. Send the original form to CSS. Don't send photocopies. Photocopies can't be processed and will be returned. Don't send letters, tax forms, or other materials with your FAF as they will be destroyed. If there are special circumstances that will affect your eligibility, contact the colleges to which you are applying. Keep this booklet handy. You will need it later.

SPECIAL INSTRUCTIONS/DEFINITIONS

Dislocated Worker—To be considered a dislocated worker, you must be currently certified as one by a state agency such as your local employment service or job service. This certification is done in accordance with Title III of the Job Training Partnership Act. A dislocated worker generally means a person who:

- has been terminated or laid off or has received a notice of termination or layoff
- has been terminated or received a notice of termination as a result of permanent closure of a plant or other facility, or
- was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster.

Foreign Tax Return—If you, your spouse, and/or your parents aren't be filing a U.S. income tax return in 1990 (e.g., Puerto Rican tax filers), follow the instructions below:

- In question 22, mark box "2" ("From a completed IRS Form 1040") if a foreign tax return has been filed, or mark box "4" ("Estimated: Will file IRS Form 1040") if a foreign tax return will be filed.
- use the information from the tax return to fill out this form;
- convert all figures to U.S. dollars, using the exchange rate in effect today; and
- fill out the Supplemental Information (Sections F-I) and the rest of the form, if appropriate.

Legal Guardian—A legal guardian is a person whom a court has:

- appointed to be your legal guardian, and this legal relationship will continue after June 30, 1992; and
- directed to support you with his or her own financial resources.

Native American—If you are a Native American, report the amount of income and assets over $2,000 per individual payment that you, your spouse, and/or your parents received in 1990 from the Per Capita Act or the Distribution of Judgment Funds Act. If $2,000 or less per individual payment was received from either of these Acts, don't report it. Don't report funds received as an award under the Alaska Native Claims Settlement Act or the Maine Indian Claims Settlement Act. Don't include any assets received from the Alaska Native Claims Settlement Act.

WORKSHEET I

Adjusted Gross Income (AGI) Worksheet

Wages, salaries, tips, etc.		$ .00
Interest income		+ .00
Dividends		+ .00
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, social security, Railroad Retirement, and all other taxable income). See the tables on page 4 and the instructions for question 24.		+ .00
Add all the numbers in the column.		.00
Subtract IRS allowable adjustments to income (payments to IRA and Keogh plans, interest penalty on early withdrawal of savings, and alimony paid).		.00
This is your answer for question 24.	TOTAL	$ .00

WORKSHEET II

Untaxed Income and Benefits Worksheet

Amounts from IRS tax forms	For question 25d Parents	For question 25d Student & Spouse
Deductible IRA and/or Keogh payments from Form 1040, total of lines 24a, 24b, and 27, or 1040A, line 15b	$ .00	$ .00
Earned income credits from Form 1040, line 57, or 1040A line 28c	+ .00	+ .00
Untaxed portions of pensions from Form 1040, line 16a minus 16b, and line 17a minus 17b; or Form 1040A, line 12a minus 12b, and line 11a minus 11b (excluding "rollovers")	+ .00	+ .00
Credit for federal tax on special fuels from Form 1040, line 60	+ .00	+ .00
Foreign income exclusion from Form 2555, line 39	+ .00	+ .00
Tax-exempt interest income from Form 1040, line 8b, or 1040A line 8b	+ .00	+ .00
Other Untaxed Income and Benefits		
Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings). Include only untaxed portions of 401(k) and 403(b) plans.	+ .00	+ .00
Welfare benefits (except AFDC/ADC which you should have reported in question 39b)	+ .00	+ .00
Workers Compensation	+ .00	+ .00
Veterans noneducational benefits such as Death Pension and Dependency and Indemnity Compensation (DIC), etc.	+ .00	+ .00
Housing, food, and other living allowances (excluding rent subsidies for low-income housing) paid to members of the military, clergy, and others (include cash payments and cash value of benefits.)	+ .00	+ .00
Cash support or any money paid on your behalf (excluding support from a noncustodial parent	xxxxxxxxxxxxxx	+ .00
Any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, untaxed portions of Railroad Retirement benefits, or Job Training Partnership Act noneducational benefits.	+ .00	+ .00
This is your answer for question 28d. TOTAL	$ .00	$ .00

Don't include:

- Social security benefits.
- Any income reported elsewhere on the form.
- Money from student financial aid.
- Food stamps.
- Gifts and support, other than money, received from friends or relatives.
- Veterans educational benefits (GI Bill, Dependents Educational Assistance Program, VR Vocational Rehabilitation Program, VA Contributory Benefits, etc.)
- "Rollover" pensions.

We urge you to keep these worksheets. Don't send them in with your FAF. You may be asked to refer to them later to verify the information on your form. (It may also help you to show that your SAR/Acknowledgment is accurate.)

ADDITIONAL INFORMATION ON FEDERAL STUDENT FINANCIAL AID PROGRAMS

Where can I get additional information?

Write to Federal Student Aid Information Center, P.O. Box 84, Washington, D.C. 20044, and ask for a free copy of *The Student Guide: Financial Aid from the U.S. Department of Education — Grants, Loans, and Work-Study 1991-92.*

How do I get aid from these federal student financial aid programs?

Fill out the FAF, mark "Yes" in question 30a, and send the form to CSS. Your form must be received by May 1, 1990, but not before January 1, 1990. The sooner you send it in, the better. CSS will send your information to the U.S. Department of Education (U.S.E.D.).

What happens after I mail in my form?

Within four to six weeks after you mail in the form, CSS (under contract to the U.S. Department of Education) will send you a Student Aid Report (SAR). On the SAR will be either a request for further information or numbers called a Pell Grant Index (PGI) and a Family Contribution (FC). Formulas established by law are used to figure these numbers from the information you give us. Your school or the U.S. Department of Education may ask you to prove that the information you give on your application is true.

If you don't get a SAR within four to six weeks, or if you need another copy of your SAR, write to: Federal Student Aid Programs, College Scholarships Service, P.O. Box 6810, Princeton, NJ 08541-6810. Give your name, address, social security number, and date of birth, and ask for a copy of your 1991-92 SAR. If your address has changed since you sent in your FAF, be sure to give your old and new addresses. Be sure to sign your letter.

What is my Pell Grant Index (PGI)?

The PGI is a number that tells whether you may be able to get a Pell Grant. If you are eligible for a Pell Grant, your school will use this number to determine the amount of your award. Even if you don't qualify for a Pell Grant, you may still qualify for one or more of the other federal student aid programs. Be sure to ask your financial aid administrator if your school needs any additional information from you for these other programs.

What is my Family Contribution (FC)?

The FC is a number that helps your financial aid administrator determine if you are able to get one of the several available forms of assistance. These include Stafford Loan, SEOG, CWS, and Perkins Loan. Your school will use this number to determine the amount of your grant, loan, or work-study award.

What if my situation changes?

Questions 11, 15, 18-19 (green area), and 20-21 (gray area) ask you to make projections for the coming year. If your answers to these questions change, wait until you receive your SAR and then ask your financial aid administrator.

The income and expense information that you give must be accurate and must match what is or will be on your 1990 income tax forms. However, if your financial situation has recently changed, contact your financial aid administrator.

Information on the Privacy Act and Use of Your Social Security Number

The Privacy Act of 1974 requires that each federal agency that asks for your social security number or other information must tell you the following:

- its legal right to ask for the information and whether the law says you must give it
- what purposes the agency has in asking for it and how it will be used
- what could happen if you do not give it

You must give your social security number to apply for federal student financial aid. The U.S. Department of Education's legal right under the Title IV programs to require that you provide us with your social security number is based on Section 484(a)(4) of the Higher Education Act of 1965, as amended. The social security number is used under the Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study programs in recording information about your college attendance and progress and in making sure you have received your money. The social security number is also used under the Stafford (GSL) and Perkins (NDSL) loan programs to identify the applicant, to determine program eligibility and benefits, and to permit servicing and collecting of the loans.

If you are applying for federal student aid only, you must fill out everything except questions 26, 30b, 31, and 50-78. If you skip question 30b, we will count your answer as "No" for both parts of that question. If you are applying for a Pell Grant only, you can skip questions 5, 38, and 43.

The authority to request all other information (except the social security number) is based on Sections 411A, 411B, 411C, 411D, 411F, 474, 475, 476, 477, 478, and 480 of the Higher Education Act of 1965, as amended. This information is used to determine the amount of federal student aid for which you may be qualified.

The information you supplied may be disclosed to third parties that the Department has authorized to assist in administering federal student aid programs. This disclosure may include private firms that the Department contracts with for the purpose of collating, analyzing, tabulating, or refining records in the system and who are required to maintain safeguards under the Privacy Act. This may be accomplished through computer matching programs such as the ones currently conducted with the Selective Service System and the Immigration and Naturalization Service.

We will provide your name, address, social security number, date of birth, student aid indices, student status, year in college, and state of legal residence to the colleges that you list in question 29 (or their representatives), even if you mark "No" to the "colleges?" part of question 30b. This information will also go to the state agencies in your state of legal residence to help coordinate state financial aid programs with federal student aid programs. We will provide calculations and determination of eligibility to the agency with which you filed a student aid application, or another selected agency, if you request us to do so. That agency may also release information received from the Department to colleges, state scholarship agencies, and loan guarantee agencies that you have designated to receive information. Also, we may send information to members of Congress if you ask them to help you with federal student aid questions. If your parents or your spouse provided information on the form, they may also request to see all the information on the application. If the federal government, this Department, or an employee of the Department is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain other conditions are met. The information may also be made available to federal agencies which have the authority to subpoena other federal agencies' records. In addition, we may send your information to a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim which is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record, the amount, status, and history of the claim, and the program under which the claim arose.

Special note about the above statement: The above information tells you that, in some cases, you can skip certain questions on the FAF. However, you should be aware that if you want CSS to send information from your FAF to your state agency, colleges, and programs, you must complete questions 77 and 78.

Although the information you give on the FAF is confidential, if a subpoena is received that requests your FAF information, the information will be provided.

FAF® Financial Aid Form — School Year 1991-92

Warning: If you use this form to establish eligibility for federal student aid and you purposely give false or misleading information, you may be subject to a $10,000 fine, a prison sentence, or both.

Do not write in this space.

MS 33

Use only a No. 2 (soft lead) pencil. Don't write outside of the boxes or answer spaces. You and your on this form always mean the student who wants aid.

Section A — Student's Identification Information

1. Your name — Last — First — M.I.
2. Your permanent mailing address (Mail will be sent to this address. See page 2 for state/country abbreviations.) — Number, street, and apartment number — City — State — Zip Code
3. Your title (optional): 1 ☐ Mr. 2 ☐ Miss, Ms., or Mrs.
4. Your state of legal residence
5. Your social security number
6. Your date of birth — Month — Day — Year
7. Are you a U.S. citizen? (Mark only one box.)
   1 ☐ Yes, I am a U.S. citizen.
   2 ☐ No, but I am an eligible noncitizen. (See the instructions on page 2.)
   3 ☐ No, neither of the above. (See the instructions on page 3.)
8. As of today, are you married? (Mark only one box.)
   1 ☐ I am not married. (I am single, divorced, or widowed.)
   2 ☐ I am married.
   3 ☐ I am separated from my spouse.
9. What year will you be in college in 1991-92? (Mark only one box.)
   1 ☐ 1st (never previously attended college)
   2 ☐ 1st (previously attended college)
   3 ☐ 2nd
   4 ☐ 3rd
   5 ☐ 4th
   6 ☐ 5th or more undergraduate
   7 ☐ first year graduate/professional (beyond a bachelor's degree)
   8 ☐ continuing graduate or professional
10. Will you have your first bachelor's degree before July 1, 1991? Yes ☐ No ☐

Section B — Student Status

11. a. Were you born before January 1, 1968? Yes ☐ No ☐
    b. Are you a veteran of the U.S. Armed Forces? Yes ☐ No ☐
    c. Are you a ward of the court or are both your parents dead? Yes ☐ No ☐
    d. Do you have legal dependents (other than a spouse)? (See page 3 for the definition on the instructions.) Yes ☐ No ☐

- If you answered "Yes" to any part of question 11, go to Section C and fill in the GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas. (Skip questions 12 through 16.)
- If you answered "No" to every part of question 11 and you are:
  —unmarried now (single, divorced, separated, or widowed) and will be an undergraduate student in 1991-92, answer question 12. (Skip question 16.)
  —married now or will be a graduate/professional student in 1991-92, answer question 16. (Skip questions 12 through 14e.)

Unmarried Undergraduate Students Only

12. Did your parents claim you as an income tax exemption
    in 1989? Yes ☐ No ☐
    in 1990? Yes ☐ No ☐

- If you answered "Yes" to either year in question 12, go to Section C and fill in the areas outlined in GREEN and the WHITE areas on the rest of the form. (Skip questions 13 through 16.)
- If you answered "No" to both years in question 12, answer question 13 below.

13. Beginning with the 1987-88 school year, you first received federal student financial aid. (Mark only one box. See instructions on page 3.)
    1 ☐ in the 1987-88 school year. (Answer 14b below. Skip questions 14b, 14c, 14d, and 14e.)
    2 ☐ in the 1988-89 school year. (Answer 14b below. Skip questions 14b, 14c, 14d, and 14e.)
    3 ☐ in the 1989-90 school year. (Answer 14b below. Skip questions 14b, 14c, 14d, and 14e.)
    4 ☐ in the 1990-91 school year. (Answer 14b below. Skip questions 14b, 14c, 14d, and 14e.)
    5 ☐ in neither 1, 2, 3, or 4. (Answer 14b below. Skip questions 14b, 14c, 14d, and 14e.)

14. a. Did you have total resources of $4,000 or more, not including parents' support?

	Yes	No
in 1987?	☐	☐
in 1988?	☐	☐

14. b. Did you have total resources of $4,000 or more, not including parents' support?

	Yes	No
in 1988?	☐	☐
in 1989?	☐	☐

14. c. Did you have total resources of $4,000 or more, not including parents' support?

	Yes	No
in 1989?	☐	☐
in 1990?	☐	☐

14. d. Did you have total resources of $4,000 or more, not including parents' support?

	Yes	No
in 1990?	☐	☐
in 1991?	☐	☐

14. e. Did you have total resources of $4,000 or more, not including parents' support?

	Yes	No
in 1991?	☐	☐
in 1992?	☐	☐

- If you answered "Yes" to either year in question 14a, 14b, 14c, 14d, or 14e, go to Section C and fill in the areas outlined in GREEN and the WHITE areas on the rest of the form.
- If you answered "Yes" to both years in question 14a, 14b, 14c, 14d, or 14e, go to Section C and fill in the areas outlined in GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas.

Married Students or Graduate/Professional Students Only

15. Will your parents claim you as an income tax exemption in 1991? Yes ☐ No ☐

- If you answered "Yes" to question 15, go to Section C and fill in the areas outlined in GREEN and the WHITE areas on the rest of the form.
- If you answered "No" to question 15, go to Section C and fill in the areas outlined in GRAY and the WHITE areas on the rest of the form. Some colleges may also ask you to complete the GREEN areas.

Section C — Household Information

Parents

16. What is your parents' current marital status? (Mark only one box.)
    1 ☐ single 2 ☐ married 3 ☐ separated 4 ☐ divorced 5 ☐ widowed
17. What is your parents' state of legal residence?
18. Number of family members in 1991-92
    Always include yourself. (Do student) and your parents. Include your parents' other children and other people only if they meet the definition in the instructions on page 3.
19. Number of college students in 1991-92
    Of the number in 18, write in the number of family members who will be in college at least half-time. Include yourself — the student who is applying for aid.

Student (and Spouse)

20. Number of family members in 1991-92
    Always include yourself. and your spouse. Include your children and other people only if they meet the definition in the instructions on page 3.
21. Number of college students in 1991-92
    Of the number in 20, write in the number of family members who will be in college at least half-time. Include yourself.

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Print your name Last First

Section D — 1990 Income, Earnings, and Benefits (You must see the instructions for income and taxes that you should exclude from questions 26 through 28.)

Everyone must fill out the Student (and Spouse) columns below.

22. The following 1990 U.S. income tax return figures are (Mark only one box.)
- from a completed IRS Form 1040EZ or 1040A. (Go to 23.)
- from a completed IRS Form 1040. (Go to 23.)
- estimated. Will file IRS Form 1040EZ or 1040A. (Go to 23.)
- estimated. Will file IRS Form 1040. (Go to 23.)
- a tax return will not be filed. (Skip to 28.)

Tax Filers Only		Parents	Student (and Spouse)
	22.	1 2 3 4 5 6	1 2 3 4 5 6
	23. 1990 total number of exemptions (IRS Form 1040 — line 6e, 1040A — line 6e, or 1040EZ — see instructions on page 4)	23.	23.
	24. 1990 Adjusted Gross Income (AGI) — (IRS Form 1040 — line 31; 1040A — line 16, or 1040EZ — line 3. (See instructions on page 4.)	24. $ .00	24. $ .00
	25. 1990 U.S. income tax paid (IRS Form 1040 — line 47; 1040A — line 25, or 1040EZ — line 7)	25. $ .00	25. $ .00
	26. 1990 income earned from work by:	Father 26. $ .00	Student 26. $ .00
	27. 1990 income earned from work by:	Mother 27. $ .00	Spouse 27. $ .00
	28. 1990 untaxed income and benefits (yearly totals only)		
	a. Social security benefits	28a. $ .00	28a. $ .00
	b. Aid to Families with Dependent Children (AFDC or ADC)	b. $ .00	b. $ .00
	c. Child support received for all children	c. $ .00	c. $ .00
	d. Other untaxed 1990 income and benefits from Worksheet 1 on page 6 of the instructions	d. $ .00	d. $ .00

Section E — Federal Student Aid Release and Certification

29. What college(s) do you plan to go to in 1991-92?

	Name	City and State	OSS Code No.
a.			
b.			
c.			

30. a. Do you give OSS permission to send information from this form to the U.S. Department of Education? (Mark "Yes" if you want to be considered for a Pell Grant and other federal student financial aid. If you answer "No," skip 30b and 31.) Yes 1 No 2

b. Do you give the U.S. Department of Education permission to send information from this form to:
- the financial aid agencies in your state? Yes 1 No 2
- the college(s) you named in 29 (or its representatives)? Yes 1 No 2

Note: By marking "Yes" you are not applying for state and institutional aid in some states. Some agencies and colleges that use the FAF also require that a CSS report be sent to them. See instructions.

31. Mark this box if you give Selective Service permission to register you. (See instructions.)

32. **Certification:** All of the information on this form and the Supplemental information, if completed, is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form and the Supplemental information, if completed. I realize that this proof may include a copy of my U.S., state, or local income tax return. I also realize that if I don't give proof when asked, the student may be denied aid.

Everyone giving information on this form must sign below. If you don't sign the form, it will be returned unprocessed.

1. Student's signature or
2. Student's spouse's signature
3. Father's signature
4. Mother's signature

Date this form was completed. Write in the month and day. Mark the year completed. Month Day 1990 1991 Year

IMPORTANT: You must read the instructions on page 5 to see if you need to fill out Sections F through I.

SUPPLEMENTAL INFORMATION

Section F — 1990 Expenses

	Parents	Student (and Spouse)
33. 1990 medical and dental expenses not paid by insurance	33. $ .00	33. $ .00
34. 1990 elementary, junior high, and high school tuition for dependent children		
a. Amount paid. (Don't include tuition paid for the applicant.)	34a. $ .00	34a. $ .00
b. For how many dependent children? (Don't include the applicant.)	b.	b.

Section G — Asset Information

If you are completing this section, you must fill out the Student (and Spouse) columns below.

	Parents	Student (and Spouse)
35. Is either of your parents a displaced homemaker? (See instructions on page 5.)	35. Yes 1 No 2	35. Are you, or is your spouse, a displaced homemaker? (See instructions on page 6.) Yes 1 No 2
36. Write in the age of your older parent.	36.	36. XXXXXXXXXXXXXXXX

	What is it worth today?	What is owed on it?	What is it worth today?	What is owed on it?
37. Cash, savings, and checking accounts	37. $ .00	XXXXXXXXXXXXXXXX	37. $ .00	XXXXXXXXXXXXXXXX
38. Home (Renters, write in "0.")	38. $ .00	$ .00	38. $ .00	$ .00
39. Other real estate and investments	39. $ .00	$ .00	39. $ .00	$ .00
40. Business and farm	40. $ .00	$ .00	40. $ .00	$ .00
41. Does any part of 40 include a farm?	41. Yes 1 No 2		41. Yes 1 No 2	

Section H — Student's Veterans Educational Benefits (Expected between July 1, 1991 – June 30, 1992) If you are completing this section, you must answer question 42. If you are filling out the gray and white areas, you must also answer question 43.

42. Your veterans Dependents Educational Assistance Benefits
a. Amount per month $ .00 b. Number of months

43. Your Veterans Contributory Benefits (VEAP)
a. Amount per month $ .00 b. Number of months

Section I — Expected 1991 Taxable & Nontaxable Income & Benefits

(You must see the instructions for income and taxes that you should include from questions 45 through 49.)

If you are completing this section, you must fill out the Student (and Spouse) columns below.

		Parents		Are you, or is your spouse, certified as a dislocated worker by the appropriate agency? (See instructions on page 6.)	Student (and Spouse)	
44.	Is either parent certified as a dislocated worker by the appropriate agency? (See instructions on page 6.)	44. Yes ☐ 1 No ☐ 2			44. Yes ☐ 1 No ☐ 2	
45.	1991 income earned from work by	Father	45. $ .00	Student	45. $ .00	
46.	1991 income earned from work by	Mother	46. $ .00	Spouse	46. $ .00	
47.	1991 other taxable income		47. $ .00		47. $ .00	
48.	1991 U.S. income tax to be paid		48. $ .00		48. $ .00	
49.	1991 nontaxable income and benefits (See instructions on page 6.)		49. $ .00		49. $ .00	

Section J — Student's Other Information

50. Your home telephone: Area Code ☐☐☐ Number ☐☐☐☐☐☐☐

51. Date you began living in your state of legal residence: Month ☐☐ Year ☐☐

52. If you have dependents other than a spouse, how many will be in each of the following age groups during 1991-92?
Ages 0-5 ☐☐ Ages 6-12 ☐☐ Ages 13-18 ☐☐

53. If you are a new high school, give your high school 6-digit code number ☐☐☐☐☐☐

54. a. List all colleges that you have attended. Always list first the college most recently attended.

Name, city, and state of college	Period of enrollment: From (Mo./Yr.)	To (Mo./Yr.)	OSS Code Number

b. If you have attended more than three colleges, mark here ☐ and list names and OSS code numbers in Section R.

55. Your course of study code (See instructions.) ☐☐

56. Date you expect to complete your current college degree/certificate: Month ☐☐ Year ☐☐

57. Your expected enrollment status during the 1991-92 school year (Mark only one box.)
1 ☐ Full-time 2 ☐ At least half-time but less than full-time 3 ☐ Less than half-time

58. During the 1991-92 school year, you want financial aid: from Month ☐☐ Year ☐☐ through Month ☐☐ Year ☐☐

59. Mark your preference for work or loan assistance:
1 ☐ Part-time job only 2 ☐ Loan only
3 ☐ Part-time job and loan 4 ☐ No preference

60. a. Your school/employer
b. Employer's address
c. Will you continue to work for this employer during the 1991-92 school year? Yes ☐ 1 No ☐ 2

61. Are you currently in default on an educational loan? (See instructions.) Yes ☐ 1 No ☐ 2

62. Do you owe a refund on a federal grant? (See instructions.) Yes ☐ 1 No ☐ 2

63. a. Your driver's license number
b. State that issued the above driver's license number: State ☐☐

Section K — Student's Expected Summer/School Year Income

(See instructions for the kinds of income to include.)

		Summer 1991 3 months	School Year 1991-92 9 months
64.	Income earned from work by you	$ .00	$ .00
65.	Income earned from work by your spouse	$ .00	$ .00
66.	Other taxable income	$ .00	$ .00
67.	Nontaxable income and benefits	$ .00	$ .00

Section L — Student's Expected Other Veterans Benefits

(July 1, 1991 – June 30, 1992)

68. Other benefits administered by the Veterans Administration (See page 7 of instructions. Don't include any benefits you already reported in 42 or 43.)
a. Amount per month $ .00 b. Number of months

Section M — Family Members' Listing

69. Give information for all family members included in 15 or 38. You are already listed on line 1. List up to seven other family members here. If more than seven, list first those who will be in college at least half-time. List these over seven in Section R.

	Full name of family member		Relation-ship (Use code from list below.)	Will attend college at least half-time in 1991-92 school year? Yes	No	Name of school or college this person will attend in 1991-92 school year	Year in school 1991-92	Occupation/Position of this person	If attended college in 1990-91, give amount of: Scholarships/Grants	Parents' Contributions
1	You — the Student Applicant									
2				1 ☐	2 ☐					
3				1 ☐	2 ☐					
4				1 ☐	2 ☐					
5				1 ☐	2 ☐					
6				1 ☐	2 ☐					
7				1 ☐	2 ☐					
8				1 ☐	2 ☐					

Write in the correct code from the list.

1 = Student's parent
2 = Student's stepparent
3 = Student's brother or sister
4 = Student's husband or wife
5 = Student's son or daughter
6 = Student's grandparent
7 = Other (Explain in Section R.)

Section E — Parents' Other Information

70. Parents' monthly home mortgage/rental payment (if none, explain in Sect. K) $ .00

71. If parents own a home, give a. year purchased [ ] b. purchase price $ .00

72. If parents reported non-real estate investments in 38, give their worth today $ .00

73. Breakdown of 1990 income in 39 (Tax Filers Only)
a. Wages, salaries, tips (IRS 1040—line 7; 1040A—line 7; or 1040EZ—line 1) a. $ .00
b. Interest income (IRS 1040—line 8a, 1040A—line 8a, or 1040EZ—line 2) b. $ .00
c. Dividend income (IRS 1040 — line 9 or 1040A — line 9) c. $ .00
d. Net income or loss from business, farm, rents, royalties, partnerships, estates, trusts, etc. (IRS 1040 — lines 12, 17, and 18) If a loss, enter the amount in parentheses. d. $ .00
e. Other taxable income such as alimony received, capital gains (or losses), pensions, annuities, etc. (IRS 1040—lines 10, 11, 13-15, 16b, 17b, 20, 21b, and 22; or 1040A—lines 10b, 11b, 12, and 13b) e. $ .00
f. Adjustments to income (IRS 1040 — line 32; or 1040A — line 15c) f. $ .00
g. Total (Add Title-file minus 73f.) This is your answer to 39. ——→ g. $ .00

Section F — Stafford Loan Information (Formerly GSL)

75. If it is necessary to borrow money to pay for educational expenses, do you want to be considered for a Stafford Loan? Yes ☐ 1 No ☐ 2
- If you marked "Yes," your information may be sent to the appropriate loan agency. Answer 76a-c unless you have never received a Stafford Loan or GSL.
- If you marked "No," go to 77. Skip 76.

76. Stafford Loan and/or GSL information
a. Total unpaid balance on all your Stafford Loans and GSLs $ .00
b. Total unpaid balance on your most recent Stafford Loan or GSL $ .00
c. Interest rate of your most recent Stafford Loan or GSL (Mark only one box.) 1 ☐ 7% 2 ☐ 8% 3 ☐ 9% 4 ☐ 8/10%
d. Loan period of your most recent Stafford Loan or GSL from Month Year through Month Year
e. Class level in which you received the most recent Stafford Loan or GSL (Give number code from below.)
1 = Freshman 4 = Senior 7 = Second year graduate/professional
2 = Sophomore 5 = 5th+ year undergraduate 8 = Third year graduate/professional
3 = Junior 6 = First year graduate/professional 9 = Second third year graduate/professional

Section G — Student's Colleges & Programs

77. List the names and CSS code numbers of the colleges and programs to which you want CSS to send information from this form. Give the correct housing code. Don't list federal student aid programs. Be sure to include the college(s) you listed in 29. Enclose this right too. See the instructions and 78.

Name	City and State	CSS Code No.	Housing Code*

*Housing Codes for 1991-92 (Enter only one code for each college.)
1 = With parents 2 = Campus housing 3 = Off-campus housing 4 = With relatives

78. Now mark the box that tells how many colleges and programs are listed in 77.

One time						One time
	1 ☐ $5.75	3 ☐ $11.25	5 ☐ $16.75	7 ☐ $40.25		
	2 ☐ $10.50	4 ☐ $15.00	6 ☐ $42.00	8 ☐ $55.00		

Mail this form with a check or money order for the right amount made out to the College Scholarship Service.

Section H — Explanations/Special Circumstances

CSS use only: 1 2 3

Use this space to explain any unusual expenses, educational and other debts, or special circumstances. Don't send letters, tax forms, or other materials with your PAF as they will be destroyed.

39

Section I — State of Mississippi Questions

79. Students who are attending or planning to attend a college in Mississippi should answer a-f below.
a. Are you applying for or do you plan to apply for a Parent Loan (PLUS)? Yes ☐ 1 No ☐ 2
b. Write in your county of residence.
c. Write in number of credit hours you will attempt Fall Semester Spring Semester Summer Semester
d. If you will be applying for a Mississippi Stafford Loan, write in the amount you are requesting. (If you are not sure, leave this question blank.) $ .00
e. If you will be applying for a PLUS Loan or Supplemental Loan for Students (SLS), write in the amount you are requesting. (If you are not sure, leave this question blank.) $ .00
f. For purposes of statistical reporting, mark your race/ethnic group. (optional)
1 ☐ Black 4 ☐ Hispanic
2 ☐ American Indian/Alaskan 5 ☐ White, but not Hispanic
3 ☐ Asian/Pacific Islander
g. If married, write in name of spouse.
h. If married, write in spouse's social security number.
i. If a high school senior in 1990-91 give your ACT Comp. OR SAT-V score SAT-M score

CSS Code List — See instructions for question 77 (page 7) before using this list.

Application and Promissory Note

For A Student Loan Under The Stafford Loan Program

NOTICE TO BORROWERS

When you complete the Application and Promissory Note contained in this Booklet, you are applying for a Stafford Loan and promising to repay the amount that is loaned to you.

Tennessee Student Assistance Corporation
Suite 1950, Parkway Towers, 404 James Robertson Parkway
Nashville, Tennessee 37243-0820

SA-0150 INS (Rev. 2/90)

APPLYING FOR A STUDENT LOAN UNDER THE STAFFORD LOAN PROGRAM

How Do I Apply?

1 Carefully read this booklet and the instructions for completing the Application and Promissory Note.

Detach the Application and Promissory Note form from the booklet. Keep the booklet and the instruction sheet for your records.

Complete Part A only of the Application and Promissory Note form. Submit all 4 copies (they must remain together) to your school.

2 The school's financial aid administrator completes Part B. The school will return the Application and Promissory Note to you.

Keep Copy 3 of the Application and Promissory Note and send Copies 1 and 2 to your lender for processing.

3 The lender completes Part C of the Application and Promissory Note and sends it to TSAC for guarantee.

TSAC

4 TSAC notifies the lender and the school that the loan is guaranteed.

5 The lender sends the check(s) to your school.

A Word Of Caution

You are applying for a loan under the Stafford Loan Program which you must repay. Because of this, we urge you not to borrow any more than is absolutely necessary. If you must borrow, we strongly recommend that all subsequent loans be obtained from the same Lender in order to avoid future problems when it comes time for repayment. You should investigate the availability of other forms of financial aid with the school's financial aid officer. It may be to your benefit to determine if you are eligible for a grant, work-study and other sources of financial aid before applying for a student loan. You should understand that receiving a Stafford Loan may diminish or reduce any awards that you might receive from other programs.

If you default on your loan by failing to meet your obligation to repay, TSAC will buy your loan from your lender and then you must make payments to TSAC. TSAC will continue to charge you interest on your loan. TSAC, your lender or the Federal Government will report to national credit bureaus that you have not repaid your loan. This may make obtaining loans for other purposes (car, house, etc.) more difficult for you in the future.

If you do not pay TSAC, your loan may be placed with a private collection agency, and / or your name may be reported to the Internal Revenue Service for collection of your debt through any tax refund that is due you. TSAC can also collect from you any reasonable attorney's fees and other legally permissible costs that it incurs in order to collect the amount that you owe. TSAC may institute legal action to take payments out of your wages or salary or to obtain a legal restraint on any land, personal property or other property that you own.

What Is A Stafford Loan?

Named in honor of retired Senator Robert T. Stafford (R-VT), the Stafford Loan is a low interest student loan authorized by the Federal Government to help you pay for the cost of your education beyond high school. This booklet contains an Application and Promissory Note for a Stafford Loan through the Tennessee Student Assistance Corporation (TSAC). TSAC is actively authorized by the State of Tennessee to guarantee the repayment of student loans in Tennessee to lending institutions such as banks, savings and loan associations, and credit unions.

Am I Eligible To Borrow?

You are eligible to borrow if you are:

1. A Tennessee resident attending any eligible educational institution; or a non-resident attending an eligible school in Tennessee.
2. Accepted for enrollment or enrolled at least half-time and making satisfactory progress at an eligible educational institution; and
3. A U.S. citizen; or an eligible non-citizen who is NOT attending a foreign school.
4. Neither in default on an educational loan nor owe a refund on an education grant program.
5. Your eligibility (or lack of eligibility) for a Pell grant has been determined by your school.
6. You are able to demonstrate need for the loan as defined by Federal regulations.

Am I Eligible For Federal Interest Benefits?

Qualifying for Federal Interest Benefits means that the Federal Government pays the interest due the lender on your behalf while you are in school and until you begin to repay the loan, and also during certain periods when repayment is not required.

In order to qualify for Federal Interest Benefits, you must demonstrate a financial need for the loan. Your school will look at the cost of your education, an estimate of the financial assistance you will be getting, and the contribution that your family is expected to make to determine your need. If the school determines that you have a need, then you will be eligible for Federal Interest Benefits.

How Much May I Borrow?

For purposes of Federal Interest Benefits, the loan you receive can never exceed your cost of education less any financial aid and your expected family contribution. Not all lenders will lend the maximum amount. Please refer to the "Statement of Student Borrower's Rights and Responsibilities" page 5, paragraph 2 for the annual and aggregate loan limits.

You must reapply annually to be considered for a new loan.

How Much Will I Be Charged?

In addition to paying back the money that you borrow, you will have other costs for your loan. These are:

- the interest on your loan
- the guarantee fee
- the loan origination fee

Interest Rate

The interest rate under the Stafford Loan Program is 8%/10% per annum for first-time borrowers. Repeat borrowers with outstanding guaranteed student loans will continue to borrow at their previous rate.

For all loans made to new borrowers after 7/1/88, the interest rate during the repayment period will increase to 10% beginning with the fifth year of repayment.

Guarantee Fee

For all loans made after 7/1/87, TSAC requires you to pay a guarantee fee of up to 3% calculated on the principal amount of the loan. The exact amount and rate of the guarantee fee will be shown on your "Notice of Loan Guarantee and Disclosure Statement."

Origination Fee

Your lender is authorized by Federal law to deduct an origination fee from the loan proceeds. The origination fee is currently 5% of the loan amount and is subject to Federal law. The fee is retained by the lender, and offsets a portion of interest costs the Federal Government pays the lender on the student's behalf while in-school and during the grace period. The exact amount and rate of the origination fee is shown on the "Notice of Loan Guarantee and Disclosure Statement."

When Will I Receive My Loan Check?

You should apply early. Make certain your application reaches the financial aid office before the rush at the beginning of each academic period. If you apply late in the academic period for which you want the loan, you may not be able to receive the loan. An incomplete Application and Promissory Note will delay receipt of your loan proceeds. All loans must be disbursed in at least two equal payments with the second payment being disbursed at least half-way through the loan period stated on the student's loan application.

How Can I Spend The Money?

You can use your Stafford Loan only to pay for educational expenses at the school that completes this application. These expenses may include tuition and fees and other reasonable expenses such as room, board, books, supplies and transportation. If you change schools during the application process, you must re-apply for the loan through your new school.

What Is A Promissory Note?

In order to receive a loan, you will have to sign a Promissory Note. The Promissory Note is a promise to pay the full amount of the loan. It is the legal document that describes the terms of your loan, the amount you are borrowing, the interest rate you will pay, and when you must start repaying the loan.

The Application and Promissory Note are one document. When you complete the Application you also complete the Promissory Note.

While you are asked to complete a Requested Loan Amount on the Application, your lender makes the final decision on what amount will be sent to you but in no event will it be greater than what you request or the applicable maximum amount under the regulations governing the program. The Notice of Loan Guarantee and Disclosure Statement will specify the approved loan amount.

What Is The Notice Of Loan Guarantee And Disclosure Statement?

This statement identifies for you the particular terms of your loan and includes:

1) the loan amount (the amount you must repay with interest);
2) the amount of your loan check (amount borrowed less fees);
3) the estimated date(s) your loan check(s) will be disbursed;
4) the interest rate on your loan;
5) the amount and rate of your guarantee fee;
6) the amount and rate of the origination fee;
7) the length of your grace period.

Laws and regulations governing the program or the lender's policies may change after you complete this Application and Promissory Note. These changes will appear on your Notice of Loan Guarantee and Disclosure Statement and replace the terms on the Application and Promissory Note. If you have any questions about the information on your statement or if you want to cancel your loan, contact your lender before you sign your loan check.

When Must I Repay The Loan?

When you leave school or drop to less than half-time study, you will begin your grace period. During your grace period, which is 6 months if your loan is at 8% or 9% and 9 months if your loan is at 7%, no payments are required. You must start repaying your loan at the end of your grace period.

There are some conditions under which you can defer (put off) repayment. See Statement Paragraph VIII of the Promissory Note for those special deferment conditions.

How Long Do I Have To Repay The Loan?

In general, you will have between five and ten years to repay your loan. Although there are other options available, most students repay in monthly installments. The first monthly payment is generally due 30 to 45 days after the grace period ends, and you must continue to make monthly payments until the loan is paid in full. Payments may extend over as many as 10 years but the minimum monthly payment must be $50.00. There is more specific information about repayment options in the Statement of Student Borrower's Rights and Responsibilities contained in this booklet. Your lender will send you a schedule for repaying the loan before the end of your grace period. Following is a sample of some typical monthly repayment plans for paying off a loan with an 8% interest rate.

8% INTEREST LOANS		
Amount Borrowed	Payment for 60 Months	Payment for 120 Months
$ 2,625	$ 53.23	N/A
$ 5,250	$ 108.45	$ 63.70
$ 6,250	$ 167.59	$ 112.23
$13,250	$ 268.68	$ 180.76
$17,250	$ 349.77	$ 235.29
$24,750	$ 501.84	$ 300.29
$32,250	$ 653.91	$ 391.28
$38,750	$ 805.98	$ 482.26
$47,250	$ 958.05	$ 573.27
$64,750	$ 1,310.13	$ 684.27

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it seeks to supply information:

1. The authority for collecting the requested information is Section 428(b)(2)(A) of the Higher Education Act of 1965, as amended (20 U.S.C. 1078(b)(2)(A)). Applicants are advised that participation in the Stafford Loan Program (SLP) is voluntary, but the requested information is necessary for participation in the SLP.
2. The principal purposes of this information are as follows: to verify the identity of the applicant, to determine program eligibility and benefits, to permit servicing of the loan, and in the event it is necessary, to locate missing borrowers and collect on delinquent or defaulted loans.
3. The routine uses include the following: the information may be furnished during the life of the loan to holders of this and other loans made to the borrower under the SLP, to educational institutions in which the borrower is enrolled or is accepted for enrollment, to guarantee agencies, to contractors which assist the U.S. Department of Education in the administration of the SLP, to Federal or State agencies, or private parties who may be able to provide information necessary for the collection of the loan, or to assist in the servicing or collection of the loan.

Section 7 (b) of the Privacy Act of 1974 (5 U.S.C. 552a) requires that when any Federal, State, or local government agency requests an individual to disclose his Social Security Number that individual must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the number is solicited, and what uses will be made of it.

Disclosure of the applicant's Social Security Number (SSN) is required as a condition for participation in SLP as the U.S. Department of Education has, for several years, consistently required the disclosure of the SSN on application forms and other necessary SLP documents adopted pursuant to published regulations (34 CFR 682, particularly 34 CFR 682.305(b) and 34 CFR 682.514(b)).

Section 7(a)(2) of the Privacy Act provides that an agency may continue to require disclosure of an individual's SSN as a condition for the granting of a right, benefit, or privilege provided by law where the agency required this disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

The SSN will be used to verify the identity of the applicant, and as an account number identifier throughout the life of the loan in order to record necessary data accurately. As an identifier, the SSN is used in such program activities as determining program eligibility, certifying school attendance and student status, determining eligibility for deferment of repayments, determining eligibility for possibility of death claims, and for tracing and collecting in cases of defaulted loans.

Right To Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in connection with the administration of the Stafford Loan Program.

Equal Credit Opportunity Act Notice

The Federal Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants on the basis of sex or marital status. The names and addresses of the Federal agencies which administer compliance with this law are listed below. During the course of the loan application process your lender will inform you of the proper body which regulates the lender.

A. Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

B. Office of the Comptroller of the Currency
490 L'Enfant Plaza East, S.W.
Washington, D.C. 20219

C. Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

D. Federal Home Loan Bank Board
1700 G Street, N.W.
Washington, D.C. 20552

E. National Credit Union Administration
2025 M Street, N.W.
Washington, D.C. 20456

F. Federal Trade Commission
6th Street and Pennsylvania Ave., N.W.
Washington, D.C. 20580

INSTRUCTIONS FOR COMPLETING THE APPLICATION AND PROMISSORY NOTE

PART A: TO BE COMPLETED BY THE STUDENT
Type or Print using a ballpoint pen (Items 1-19)

Item 1: Social Security Number. Read the Privacy Act and the right to Financial Privacy Act Notices on page 3 before completing this item. An application submitted without a Social Security Number will be returned.

Item 4: Print your permanent home address. Enter your street number, apartment number, RFD, or Post Office Box, as appropriate. A temporary, school or military address is NOT acceptable. See state codes listed below to complete this item.

AL	Alabama	GA	Georgia	MS	Mississippi	PR	Puerto Rico
AK	Alaska	GU	Guam	MO	Missouri	RI	Rhode Island
AS	American Samoa	HI	Hawaii	MT	Montana	SC	South Carolina
AZ	Arizona	ID	Idaho	NE	Nebraska	SD	South Dakota
AR	Arkansas	IL	Illinois	NV	Nevada	TN	Tennessee
CA	California	IN	Indiana	NH	New Hampshire	TX	Texas
CO	Colorado	IA	Iowa	NJ	New Jersey	TT	Trust Territories
CM	Commonwealth of the Northern Mariana Islands	KS	Kansas	NM	New Mexico	UT	Utah
		KY	Kentucky	NY	New York	VT	Vermont
		LA	Louisiana	NC	North Carolina	VI	Virgin Islands
CT	Connecticut	ME	Maine	ND	North Dakota	VA	Virginia
DE	Delaware	MD	Maryland	OH	Ohio	WA	Washington
DC	District of Columbia	MA	Massachusetts	OK	Oklahoma	WV	West Virginia
		MI	Michigan	OR	Oregon	WI	Wisconsin
FL	Florida	MN	Minnesota	PA	Pennsylvania	WY	Wyoming

Item 6: Enter your two digit county code number representing your home county in Tennessee. See county codes listed below to complete this item. NOTE: IF YOUR HOME COUNTY IS OUTSIDE TENNESSEE USE THE CODE 99.

COUNTY CODES

01	Anderson	25	Fentress	49	Lauderdale	73	Roane
02	Bedford	26	Franklin	50	Lawrence	74	Robertson
03	Benton	27	Gibson	51	Lewis	75	Rutherford
04	Bledsoe	28	Giles	52	Lincoln	76	Scott
05	Blount	29	Grainger	53	Loudon	77	Sequatchie
06	Bradley	30	Greene	54	McMinn	78	Sevier
07	Campbell	31	Grundy	55	McNairy	79	Shelby
08	Cannon	32	Hamblen	56	Macon	80	Smith
09	Carroll	33	Hamilton	57	Madison	81	Stewart
10	Carter	34	Hancock	58	Marion	82	Sullivan
11	Cheatham	35	Hardeman	59	Marshall	83	Sumner
12	Chester	36	Hardin	60	Maury	84	Tipton
13	Claiborne	37	Hawkins	61	Meigs	85	Trousdale
14	Clay	38	Haywood	62	Monroe	86	Unicoi
15	Cocke	39	Henderson	63	Montgomery	87	Union
16	Coffee	40	Henry	64	Moore	88	Van Buren
17	Crockett	41	Hickman	65	Morgan	89	Warren
18	Cumberland	42	Houston	66	Obion	90	Washington
19	Davidson	43	Humphreys	67	Overton	91	Wayne
20	Decatur	44	Jackson	68	Perry	92	Weakley
21	Dekalb	45	Jefferson	69	Pickett	93	White
22	Dickson	46	Johnson	70	Polk	94	Williamson
23	Dyer	47	Knox	71	Putnam	95	Wilson
24	Fayette	48	Lake	72	Rhea		

Item 7: Check a) if you are a U.S. Citizen, a U.S. National (Native of American Samoa), or a permanent resident of Palau (formerly part of the Trust Territory of the Pacific Islands).

Check b) if you are a U.S. Permanent resident and you have an Alien Registration Receipt Card (I-151 or I-551), or you have a Departure Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: (1) "Refugee," (2) "Asylum Granted," (3) "Indefinite Parole" and/or "Humanitarian Parole," (4) Cuban-Haitian Entrant." See your financial aid administrator.

If you are in the U.S. on only an F1 or F2 student visa, only a J1 or J2 exchange visitor visa, or only a G-Series visa (pertaining to international organizations), you must check c).

Item 9: If you attended any school beyond the high school level at any time before the academic year for which you want this loan, check "YES". If you have not attended a school beyond the high school level before, check "NO".

Item 13: Check the box to indicate whether you expect to be a full-time or half-time student. If you cannot check either box, you are not eligible for a loan.

Item 14: Loan Period. Indicate the starting and ending dates (e.g., from 09-86 to 06-90) of the academic period for which this loan is to be used. These dates should coincide with a regular school period such as semester, quarter trimester, or academic year, etc. The period you write in cannot be longer than 12 months.

Item 15: You must indicate if you have ever defaulted on a Stafford Loan (formerly Guaranteed Student Loan), or a Federal Supplemental Loan for Students (FSL), or a Perkins/National Direct Student Loan (NDSL), or PLUS loan, or a Supplemental Loan for Students (SLS), or Consolidation Loan, or Income Contingent Loan. Default means your loan was purchased from the lender by the guarantee and you now owe the money to the guarantor. If you check "YES" you must indicate on a separate sheet the lender's name, the guarantor's name, the academic periods for which the loan(s) were obtained, the amount(s) still owed and the circumstances of the default.

Item 16: References. All applicants must list the names and requested information for three different persons at three different addresses in order for this item to be considered complete. In item 16a, if your parents or guardians are deceased, please provide information for another adult relative. In 16b, list the name and address of a relative who will know your whereabouts at all times. In 16c, list the name and address of a reference who will know your whereabouts at all times.

Item 17: Requested Loan Amount. Enter the minimum amount that you will need to pay your educational costs for the loan period indicated in Item 14. You should understand that the lender may not be able to lend you all the money that you ask for here. If the lender makes a loan to you, the specific amount of the loan will be indicated on the Notice of Loan Guaranteed and Disclosure Statement that will be sent to you after the loan has been approved and guaranteed by the Tennessee Student Assistance Corp.

Print in the numeric dollar amount for the requested loan amount.

DO NOT MARK THROUGH, SCRATCH OUT, OR OTHERWISE ALTER YOUR COMPLETION OF THIS ITEM. MARKING THROUGH, SCRATCHING OUT, OR OTHERWISE ALTERING YOUR COMPLETION OF THIS ITEM WILL CAUSE PROCESSING DELAYS AND MAY NECESSITATE STARTING THE APPLICATION PROCESS OVER AGAIN.

Item 18: Sign your full legal name, including first name, middle initial and last name. Use a ballpoint pen. You are making several copies so press firmly.

Fill in the date you are signing the Application and Promissory Note. By signing you acknowledge two things: 1) You acknowledge that you have read, understand and agree to the provisions in the Borrower Certification Section on the reverse side; and 2) you are agreeing to repay the loan in full in accordance with all the terms and conditions indicated on the Promissory Note.

Item 19: Some lenders require you to obtain a co-maker, who is also responsible for repayment of the loan. If required by your lender, the co-maker must sign here.

PART B: TO BE COMPLETED BY THE SCHOOL
(Items 20-32) (The Financial Aid Administrator)

Item 21: U.S. Dept. of Education School Code. All eligible educational institutions have assigned six-digit code numbers which must be entered here.

Item 23: Adjusted Gross Income. Enter information obtained from an approved "need analysis system."

Item 24: Estimated Cost of Attendance. Include in the total all costs for tuition and fees, room, board, books, supplies, transportation and personal expenses. The guarantee fee and origination fee for this loan may also be included in the total costs.

Item 25: Estimated Financial Assistance for Loan Period. Include in your total to the best of your knowledge based on the information available to you, (1) all financial aid that the applicant has received, (2) financial aid that the applicant has been awarded but not yet received, and (3) financial aid that you anticipate will be awarded for the loan period indicated in Item 31. Any anticipated financial aid included in this item should represent your best estimates and must include Pell Grants, College Work Study Awards, State and Institutional Scholarships and Grants, Perkins/National Direct Student Loans and Educational Loans, educational benefits of Social Security and VA, and other aid awarded or anticipated for the period of the loan. If the student has applied for need-based financial assistance, this estimate is to be based on the need analysis required for purposes of this assistance or on the applicant's prior year awards under these programs.

Item 26: Expected Family Contribution. Enter the results from any approved "need analysis" system for all students. Enter a "zero" for any student whose need analysis produces a negative expected family contribution. A numeric figure must be shown.

Item 27: Amount of Loan. Enter the amount of the loan. The loan amount is determined by subtracting Items 25 and 26 from Item 24. The amount to be entered must not exceed the maximum limits per academic year (two semesters, three quarters or two trimesters) or the amount requested by the student in Item 17, if less.

Item 29: Anticipated Graduation Date. This is the date that the student will complete the program in which he/she currently is enrolled at this institution. The date must not be prior to the loan period end date in Item 31.

Item 30a: Student Status-Dependent/Independent. Indicate the student's status in accordance with the definitions of "dependent" and "independent" students described in the Pell Grant Program regulations.

30b: All Stafford loans must be disbursed in two or more installments regardless of the amount of the loan or the length of the period of enrollment for which the loan is made. None of these installments may exceed more than one-half of the loan. The second installment may not be disbursed until at least one-half of the loan period has elapsed. The second or subsequent disbursement may be made prior to the expiration of one-half of the loan period only if it is necessary for the disbursement to be delivered at the beginning of the second semester, quarter, or similar division of the institution's academic period in that situation, the disbursement may be made up to 30 days prior to the beginning of the academic period. If the date on which the first disbursement is made occurs on or after the half-way point of the loan period, the school must still indicate two disbursement dates to the lender but the regulations permit the lender to disburse such a loan in a single payment.

Item 31: Use the dates indicated in Item 14 as a guide to completing this item, indicate the dates covered by the educational costs indicated in Item 24. This is typically computed from the first day of classes.

Mail to the School: Retain school copy of the APPLICATION AND THE PROMISSORY NOTE. RETURN OTHER COPIES TO THE STUDENT.

PART C: TO BE COMPLETED BY THE LENDER
(Items 33-38)

Item 34: Total Amount Lender Approves. The total amount approved must not exceed the amounts in Items 27 and 17. (Cost was set and family contribution not to exceed statutory limits or the amount requested by the borrower, if lesser). Lenders must use the disbursement dates indicated by the school in Item 30b with the exception that a single disbursement may be made if the date on which the first disbursement is to be made occurs on or after the half-way point of the loan period.

NOTE: Funds cannot be disbursed until TSAC issues the Notice of Student Loan Guaranteed and not earlier than thirty days prior to the beginning of the loan period.

Item 35: Lender Code. All eligible lending institutions have assigned six-digit code numbers for the purposes of the Stafford Loan Program.

Item 37: Interest Rate. Indicate the interest rate for this loan. The loan history in Item 10 must support the interest rate indicated.

WHAT TO DO AFTER YOU AND YOUR SCHOOL HAVE COMPLETED THE APPLICATION AND THE PROMISSORY NOTE

- ☐ CHECK TO BE SURE ALL COPIES ARE LEGIBLE AND COMPLETE.
- ☐ DETACH YOUR COPY OF THE APPLICATION AND PROMISSORY NOTE FOR FUTURE REFERENCE.
  - KEEP THIS IN CASE YOU HAVE QUESTIONS LATER REGARDING YOUR TERMS OF REPAYMENT.
  - PLACE YOUR COPY WITH THIS INSTRUCTION BOOKLET AND RETAIN.
- ☐ LEAVE THE TWO LENDER COPIES OF THE APPLICATION AND PROMISSORY NOTE ATTACHED AND FORWARD THESE TO YOUR LENDER.
- ☐ IF YOU HAVE ANY QUESTIONS ABOUT THE PROCESSING OF YOUR LOAN, CONTACT YOUR LENDER FIRST OR THE TENNESSEE STUDENT ASSISTANCE CORPORATION AT 615-741-1346 OR 1-800-447-1523.

TENNESSEE STUDENT ASSISTANCE CORPORATION

APPLICATION AND PROMISSORY NOTE FOR A STUDENT LOAN UNDER THE STAFFORD LOAN PROGRAM

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form shall be subject to a fine of no more than $10,000, or imprisonment for no more than five years, or both under provisions of 20 U.S.C. Sec. 1097

1. Social Security Number
2. Name (Last) (First) (Middle Initial)
3. Birth Date Mo. Day Yr.
4. Permanent Address - Street
5. Area Code/Phone No. ( )
City or Town
State (Code)
Zip Code
6. County Code (See Table)
7. U.S. Citizenship Status
(a) U.S. Citizen/National
(b) Eligible Non-Citizen (See Inst.)
(c) Neither (a) nor (b)
Alien Registration I.D. No. Form No.
8. Driver's License Information
State of Issue
No.
9. Prior to the academic year for which this loan is requested, have you ever been enrolled in any school beyond the high school level?
Yes No
10. My most recent Stafford Loan was in the amount of $ at a ____ % interest rate covering the loan period of Mo. Yr. or Mo. Yr.
11. The unpaid balance of all my Stafford Loans (Formerly, GSL) and/or Federally Insured Student Loans (FISL) is: $ If none, enter "0" and include data from item 10, if any. The date of my oldest Stafford loan which is still outstanding is
12. The unpaid balance of all my PLUS/SLS Loans and Consolidated Loans is: $ (If none, enter "0")
13a. Name and Address of Lender who processed most recent Stafford Loan
Lender
City
State
13. Intended Enrollment Status (To be eligible a student must be enrolled half-time or more)
1. Full-Time
2. At Least Half-Time
14. Loan Period From Mo. Yr. To Mo. Yr.
15. Have you ever defaulted on an educational loan? (See Instructions)
Yes No

16. REFERENCES - You MUST enter 3 different people at 3 different addresses.

a. Parent / Guardian	b. Adult Relative	c. Adult Reference
Street Address:	Street Address:	Street Address:
City, State, Zip:	City, State, Zip:	City, State, Zip:
Phone Number:	Phone Number:	Phone Number:
Employer:	Employer:	Employer:
Relationship to Borrower:	Relationship to Borrower:	Relationship to Borrower:

PROMISSORY Note for a Stafford Loan

I. Promise To Pay - I, the undersigned student borrower identified in Part A, Item 2, promise to pay to you or your order when this note becomes due as set forth in Paragraph II the sum of $ ____.00 or such loan amount as is advanced to me (17. REQUESTED LOAN AMOUNT) on the Notice of Loan Guarantee and Disclosure Statement, plus interest as set forth in Paragraph III, and any other charges which may become due as provided in Paragraph VII. If I fail to pay any of these amounts when they are due, I will pay all charges and other costs, including the fees of an outside attorney and court costs that are permitted by Federal law and regulations for the collection of this loan, which you incur in collecting this loan. (See Paragraphs II, III, VI on the other side.) My signature certifies that I have read, understand and agree to the conditions and authorizations stated in the "Borrower Certification" printed on the reverse side.

I UNDERSTAND THAT THIS IS A PROMISSORY NOTE. I WILL NOT SIGN THIS PROMISSORY NOTE BEFORE READING IT, INCLUDING THE WRITING ON THE REVERSE SIDE. EVEN IF OTHERWISE ADVISED, I AM ENTITLED TO AN EXACT COPY OF THIS PROMISSORY NOTE. THE NOTICE OF LOAN GUARANTEE AND DISCLOSURE STATEMENT AND ANY AGREEMENT I SIGN BY SIGNING THIS PROMISSORY NOTE I ACKNOWLEDGE THAT I HAVE RECEIVED AN EXACT COPY HEREOF.

18. SIGNATURE OF BORROWER — DATE
19. CO-MAKER / LENDER (OPTION) — DATE
Street Address — S.S.N.
City — State — Zip — Phone ( )

(LEA)

20. Name of Educational Institution
21. U.S. Dept. of Education School Code
20a. Mailing Address (Street, Box, City, State, Zip)
20b. Area Code / Phone No. ( )
22. Adjusted Gross Income $
23. Estimated Cost of Attendance $
24. Estimated Financial Assistance $
25. Expected Family Contribution $
26. AMOUNT OF LOAN (sum of 24 less items 25 and 26 not to exceed statutory limits or amount requested by student in item 17 if less) $
27. Borrower's Grade Level (+)
0 = Correspondence; 1 = 1st Year (Freshman); 2 = 2nd Year (Sophomore); 3 = 3rd Year (Junior); 4 = 4th Year (Senior); 5 = 5th Year Undergraduate; 6 = Graduate or Professional
28. Anticipated Graduation Date
29a. Student Status: 1 Dependent; 2 Independent
29. Period of Loan From Mo. Day Yr. To Mo. Day Yr.
30a. Disbursement Schedule (See Instructions) #1 Mo. Day Yr.; #2; #3; #4

Lender certifies that the student named in Part A of this application is accepted for enrollment, or is enrolled as at least a half-time student and is making satisfactory progress in a certificate or degree program determined to be eligible for loans under the Stafford Loan Program; and certifies that any student named enrolled at this school has satisfied the requirements of federal law and regulations and that this application is in compliance with all applicable provisions of federal law and regulations. Lender certifies that the information is correct and complete to the best of its knowledge and belief, and that it has complied with all applicable provisions of federal law and regulations, including the Equal Credit Opportunity Act. Lender certifies that it will comply with all applicable provisions of federal law and the rules, regulations, policies, and procedures of the Tennessee Student Assistance Corporation in the administration of this loan. The information provided in Parts 1 and 2 and this School Certification is true, complete, and correct to the best of my knowledge and belief.

32. Signature of Authorized Financial Aid Official
Print or Type Name and Title
Date

(LENDER)

33. Name of Lending Institution
34. TOTAL AMOUNT LENDER APPROVES → $
Mailing Address
39. Signature of Authorized Lending Official
City — State — Zip Code
Print or Type Name and Title
38a. Area Code / Phone No. ( )
38. Lender Code
37. Int. Rate
Date

SA-0150 (Rev. 2/90)

LENDER COPY #1

Additional Terms of the Promissory Note for a Stafford Loan

II. Date Note Comes Due I will repay this loan: 1) in periodic installments during a repayment period that will begin no later than the end of my grace period, or 2) in full immediately if I fail to enroll and attend at the school which granted my application for the period(s) of time which begins when either I leave school or stop carrying at an eligible institution at least one-half the normal full-time academic work load required by the school. The Notice of Loan Guarantee and Disclosure Statement will identify the length of my grace period. During the grace period I may request that the grace period be shortened and the repayment period begin earlier.

III. Interest (1) I agree to pay an amount equivalent to simple interest (as specified in 4) on the unpaid principal balance from the date of disbursement until the entire principal sum and accrued interest are paid in full. (2) However, the United States Secretary of Education ("Secretary") will pay the interest that accrues on this loan prior to repayment status and during any deferment if it is determined that I qualify to have such payments made on my behalf under the regulations governing the Stafford Loan Program. In the event that this interest on this loan is paid by the Secretary, neither the lender or any other holder of this Note may attempt to collect this interest from me. I may, however, choose to pay this interest myself. (3) Once the repayment status begins, I will be responsible for payment of all interest that accrues on this loan, except that if this interest accruing on this loan prior to the repayment period was payable by the Secretary, the Secretary will pay the interest that accrues during the period described under VIII. DEFERMENT in this Promissory Note. (4) The interest rate will be determined according to the following: (a) If I have an outstanding Stafford Loan(s) on the date I sign this Note, the applicable interest rate will be the same as the applicable interest rate on the outstanding Stafford loan(s). (b) If I have no outstanding Stafford loans(s) but I do have an outstanding balance on any PLUS or Supplemental Loans For Students ("SLS") loan(s) made for enrollment period(s) beginning before July 1, 1987 or on any Consolidation Loan(s) which repaid loans made for enrollment period(s) beginning before that date, the applicable interest rate on this loan will be 9%. (c) If I have no outstanding balance on any Stafford, PLUS, or SLS loan(s) made for enrollment period(s) beginning before July 1, 1988 or on any Consolidation Loan(s) which repaid loans made for enrollment period(s) beginning before that date, the applicable interest rate on this loan will be 8% until the end of the fourth year of my repayment status and will be 10% beginning with the fifth year of my repayment status. (5) The applicable interest rate (a) until the end of the fourth year of my repayment status, and (b) beginning with the fifth year of my repayment status, will be identified on the Notice of Loan Guarantee and Disclosure Statement. (6) I may also receive rebates of interest, if required by the Higher Education Act of 1965, as amended, when the applicable interest rate is 10%. (7) The lender or other holder of this note may add accrued unpaid interest to the unpaid principal balance (capitalization) of this loan in accordance with regulations of TSAC governing the Stafford Loan Program. All payments will be made to your address indicated on the Notice of Loan Guarantee and Disclosure Statement or to any other address of which you notify me.

IV. Origination and Guarantee Fee If required to do so by the lender, I will pay to the lender an origination fee not to exceed the percentage of the loan amount that is authorized by Federal law. The lender may deduct this fee from the proceeds of the loan. If required to do so by the lender, I will pay to the lender an amount equal to the premium that the lender is required to pay to the guarantee agency to obtain coverage on this loan. The lender may deduct this premium proportionately from each disbursement of principal of this loan.

V. Default I will be in default and you have the right to give me notice that the whole outstanding principal balance plus any unpaid interest I owe is due and payable at once (subject to any law which gives me a right to cure my default) if: 1) any payment has not been made when it is due; or 2) I fail to notify you of a change in my name, address or school enrollment status; or 3) I break any of my other promises under this agreement; or 4) I make any false written statement in applying for this loan or for a forbearance or deferment of this loan (provided that this failure permits for: 1) 180 days for a loan repayable in monthly installments; or 2) 240 days for a loan repayable in less frequent installments. After sending such notice to me, you will have the right, without further notice, to take the outstanding balance out of my checking and/or savings account I have with you, if not prohibited by law, but not out of the proceeds of any other property of mine which you have a right to take because of any other agreement between you and me. If I default, I will still be required to pay interest on this loan as provided in interest. Paragraph iii from the date of default. A default also makes me ineligible for the benefits described under Deferment. Paragraph VIII

VI. Late Charges The lender may collect from me a late charge if I fail to pay all or part of a required installment payment within 10 days after it is due or if I fail to provide written evidence that certifies my eligibility to have the payment deferred as described under DEFERMENT in the Promissory Note. A late charge may not exceed 6 cents for each dollar of each late installment.

VII. Additional Agreements (1) The proceeds of this loan will be used only for my educational expenses at the school indicated in Part B of my application. (2) Any notice required to be given to me will be effective when mailed by first class mail to the latest address you have for me. 3) Your failure to enforce or insist that I comply with any term of this Note is not a waiver of your rights. No provision of this Note can be waived or modified except in writing. 4) If TSAC is required under its guarantee to repay my loan(s) because I have defaulted, TSAC will become the owner of this Note and as my creditor will have all the rights of the original lender to enforce the Note against me. (5) I understand that I must repay this Note even though I may be under 18 years of age. 6) If I am unable to make the scheduled payments for reason of hardship, I may be eligible for forbearance as provided for in the TSAC regulations at the discretion of the lender or the current holder of my loan(s). 7) In this Note the words I, me, and my mean the borrower identified in Item 2 of Part A of the Application. You, your and yours mean the lender and any other owner of the Note.

VIII. Deferment You will not be required (and will not be charged interest) to not paid by the United States Government) and (a) not (after making principal payments on this loan, as provided below) if I request deferment and establish that I have not received (and will not receive) a total amount of loans exceeding the amount of my unmet need (as determined by the school which certifies my eligibility for a deferment) for the period during which I am: 1) Pursuing at least a half-time course of study as a regular student enrolled or accepted for enrollment in a program of higher education at an eligible institution; or a vocational school that is operated by an agency of the Federal Government (e.g., the service academies), unless I am not a national of the United States and am studying at a school not located in the United States; 2) Are eligible graduate fellowship recipient; or 3) Are otherwise engaged in full-time graduate study approved by TSAC; 3) For periods not exceeding 36 months for each of the following for which I am: a) On active duty status in the Armed Forces of the United States, or engaged as an officer in the Commissioned Corps of the United States Public Health Service; b) Serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs) (if I have agreed to serve for a term of at least one year); c) Performing full-time service described in section 105(a)(2)(A) of the Department of Defense Appropriation Authorization Act, 1979 (Public Law 95-485) (if I have agreed to serve for a term of at least one year); d) Performing full-time service as a volunteer under the Peace Corps Act (if I have agreed to serve for a term of at least one year); e) Serving as a full-time volunteer under ACTION programs, by the Commissioner of Internal Revenue Service under Section 501 (c) (3) of the Internal Revenue Code of 1954, as amended; or a) I temporarily totally disabled (as established by a sworn affidavit of a qualified physician); or b) Unable to secure employment because I am providing care to a spouse who is temporarily totally disabled (as established by a sworn affidavit of a qualified physician). 4) For periods not exceeding 24 months for each of the following) while I am: a) Serving on an internship/residency program leading to a first professional degree; or b) Serving on an internship or residency program leading to a master's or doctoral degree in the medical, dentistry, or allied professions; or c) Serving in a rotating internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or health care facility that offers post-graduate training; or 5) Concurrently pursuing studies unrelated to that fellowship during a period of graduate fellowship.

In addition to the above **circumstances**, if I am a new borrower (as defined below) requesting a loan for a period of enrollment beginning on or after July 1, 1987, I may also request deferment of repayment of principal on my loan after the repayment period begins (subject to the following conditions) if I am pursuing on at least a half-time basis a course of study or a school that is participating in the Stafford Loan Program (unless I am not a national of the United States and am studying at a school not located in the United States) and I have received a loan under the Stafford Loan Program or Supplementary Loans for Students program for the enrollment period. 5) For periods not exceeding 36 months for each of the following for which I am: a) On active duty status of the Commissioned Corps of United States Public Health Service; or b) Serving as an officer in the Commissioned Corps of the United States Public Health Service; or c) an active duty member of the Commissioned Corps and Administrative Appointment Corps; d) Engaged as a full-time volunteer in a public or private community or elementary school in a teacher shortage area, as defined by the Secretary of Education; e) Unable to secure employment by overseeing the work force and am being paid at a rate that is no more than $1.00 above the minimum hourly wage prescribed by the Fair Labor Standards Act of 1938, as amended. 7) For periods not exceeding 6 months when I am pregnant or caring for a newborn child or caring for a child immediately following the placement of the child through adoption, provided I am not attending a school and am not gainfully employed. In order to qualify for this deferment, I must have been enrolled within the past 6 months at least half-time on a school participating on the Stafford Loan Program.

A new borrower is one who has no outstanding balance on a Stafford Loan, Parent Loan for Undergraduate Students (PLUS), Supplementary Loan for Students (SLS) or Consolidation Loan on the date he or she signs the Promissory Note for a loan to cover periods of enrollment beginning on or after July 1, 1987.

In order to receive a deferment, I must request the deferment and provide my lender with all documentation required to establish my eligibility as set forth in the regulations governing the Stafford Loan Program. I understand that I must notify my lender when the conditions entitling me to the deferment no longer exists.

IX. Repayment I will repay the total amount due on this Promissory Note in periodic installments, with interest at the rate indicated in interest, Paragraph III, on the unpaid balance from the due date of this Promissory Note until the loan is paid in full. Prior to the due date of this Promissory Note, you will send to me a Repayment Schedule which shows the particular repayment terms that will become part of this Promissory Note. The Repayment Schedule may include all loans I have received from you under the Stafford Loan Program by the guarantor of this Promissory Note.

The Repayment Schedule will require me to make monthly payments for a period of not less than 5 but no more than 10 years after this Note becomes due. At my option I may agree to a repayment period that is shorter than 5 years. I may at a later time have the repayment period extended so that the total repayment period on all my loans under the Stafford Loan Program, the PLUS Program, or the Supplemental Loans for Students Program under Title IV, Part B of the Higher Education Act shall not be less than $600 per year excluding payments by my spouse on any loan under such programs or the balance of all such loans plus accrued interest if less than $600) even though this may result in a repayment period shorter than 5 years.

X. Prepayment I may, at my option and without penalty, prepay all or any part of the principal or accrued interest of this loan at any time. If I do so, I will be entitled to a rebate of any unearned interest that I have paid.

XI. Credit Bureau Notification Information concerning the amount of this loan and its repayment will be reported to one or more credit bureau organizations. If I default on this loan the lender, holder, or guarantor will also report the default to credit bureau organizations. This may significantly and adversely affect my ability to obtain other credit. The lender, holder, or guarantor must notify me at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless I enter agreement on the loan within 30 days. The lender must provide a timely response to a request from any credit bureau organization regarding objections I might raise with that organization about the accuracy and completeness of information reported about me.

XII. Disability or death If I become totally and permanently disabled, or if I die, my obligation to pay an amount owed on this loan will be cancelled.

Borrower Certification

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct: I, the borrower, certify that the information contained in Part A of this application is true, complete and correct to the best of my knowledge and belief and is made in good faith. I hereby authorize the school to pay to the lender any refund which may be due me up to the amount of this loan. I further authorize any school that I may attend or release to the lending institution, guarantee agency, holder of this loan, the TSAC, U.S. Department of Education, or their agents any requested information pertinent to this loan (e.g., employment, enrollment status, current address). I certify that the proceeds of any loan made as a result of this application will be used for educational expenses for the loan period covered by this application at the school named in Part B. I understand that I must immediately repay any funds that I receive which cannot reasonably be attributed to meeting my educational expenses related to attendance at that school for the loan period stated in Item 11. I certify that the total amount of loans received under the Stafford Loan Program, Title IV, Part B (P.L. 89-329) as amended, will not exceed the allowable maximums. I further certify that I do not now owe a refund on a Pell Grant, Supplemental Grant, State Student Incentive Grant, or Byrd Scholarship, and am not now in default on a Perkins (National Direct Student Loan), a Stafford Loan, a Federally Insured Student Loan, a PLUS Loan, a Supplemental Loan for Students, a Consolidation Loan or an Income Contingent Loan. I further authorize my lending institution to issue a check covering the proceeds of my loan, in full or in part, made payable to me, or at the lender's option, certify payable to me and the school, and sent to the school named in Part B. I have read and understand the Statement of Borrower's Rights and Responsibilities supplied with this application.

I understand that I will receive a Notice of Loan Guarantee and Disclosure Statement that identifies my loan amount (as determined by the lender), the fee amounts, due dates, grace period, and rate charged. I understand and agree that if the information on the Notice of Loan Guarantee and Disclosure Statement conflicts with the information on the Application and Promissory Note, the information on the Notice of Loan Guarantee and Disclosure Statement applies.

STATEMENT OF STUDENT BORROWER'S RIGHTS AND RESPONSIBILITIES

By signing the Application and the Promissory Note for a Stafford Loan, you are certifying that you have read and understand these rights and responsibilities.

Borrower's Rights

1. The lender must provide me a copy of the completed Notice of Loan Guarantee and Disclosure Statement no later than the time the loan is disbursed. The lender must return the original Application and Promissory Note to me when I have paid the loan in full.

2. My annual and aggregate loan limits are:

CATEGORY OF BORROWER	ANNUAL LOAN LIMITS	AGGREGATE LOAN LIMITS
First and Second Year Undergraduates	$2,625	$17,250
Undergraduates who have successfully completed the first and second year, but who have not completed their program.	$4,000	
Graduate or Professional (aggregate includes undergraduate loans)	$7,500	$54,750

NOTE: The maximums apply to the entire Stafford Loan Program. The aggregate limits include the portion of any Consolidation Loan that I have received and that was used to repay a Stafford, PLUS, or SLS loan. If I have received loans from more than one lender, I should make sure that each lender is aware of all other Stafford Loans.

3. I am not permitted to provide security for this loan.

4. Each loan check must be payable either to me or, at the lender's option, to me and the school. The loan check will require my endorsement, and the lender will mail the check to the school on my behalf.

5. If I have an outstanding 7%, 8%, or 9% Stafford Loan on the date I sign the Application and Promissory Note for this loan, this loan will be at the same rate as my previous loans. On any loan where the applicable interest rate is 7%, I am enrolled in a 9 month grace period before the repayment period begins. If I am a first time borrower, then the interest rate on this loan will be 8%/10%. The interest rate during the repayment period will increase to 10% beginning with the fifth year of repayment. In all cases, the interest rate on subsequent loans is the same as the rate on my initial loan. The grace period on all loans with an applicable interest rate of 8%, 8%/10% or 9% is 6 months. The grace period for 8%, 8%/10% and 9% loans begins on the month following the month I cease attending a school participating in the Stafford Loan Program on at least a half-time basis. The exact length of the grace period is shown on the Notice of Loan Guarantee and Disclosure Statement.

6. The lender is to provide me with a Repayment Schedule before the repayment period begins. The provisions of this schedule must conform to the provisions under Repayment in the Application and Promissory Note.

7. I will fully repay this loan over a repayment period that lasts at least five years but no more than ten years. However, the following exceptions to these rules apply:

A. If during the grace period, I request a repayment period less than 5 years, the lender must grant that shorter period. In that event and at my option, I may later choose to have the repayment period extended to at least 5 years.

B. The lender may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period I - or, if both my spouse and I have Stafford loans outstanding, we - pay toward principal and interest at least $600 or the unpaid balance, whichever is less, of the total amount owing to all holders of my - or our - Stafford loans.

C. Any period described under Deferment in this Application and Promissory Note will not be included in determining the five to ten year periods mentioned above.

8. I may, at my option and without penalty, prepay all or any part of the principal or accrued interest of this loan at any time.

9. If I meet certain requirements, I have a right to defer payments on the loan as set forth under Deferment in the Application and Promissory Note.

10. The Federal Government normally will pay the interest that accrues on the loan before the repayment period and during any authorized deferment period. In that event, the lender may not attempt to collect this interest from me.

11. My loan obligations will be cancelled if I become totally and permanently disabled or if I die. The Stafford Loan Program Does Not Have Provisions Which Enable This Loan To Be Cancelled Or Forgiven In Whole Or In Part For Teaching.

12. If I am willing, but financially unable, to make payments under my Repayment Schedule, I may request the lender to allow a temporary forbearance in the following manner:

A. Providing a short period during which I make no principal payments. I will, however, be responsible for the interest that accrues during this period, the manner of payment of which will be determined by the lender.

B. Extending the time for making payments or lowering my monthly payments. However, the lender is not required to approve my request.

13. If the lender sells the loan or otherwise transfers the right to receive payment, I must be sent a clear notification which spells out my obligations to the party to which my loan was sold.

14. A Consolidation Loan Program is available under which I may be able to consolidate loans I have received under the Stafford Loan Program, SLS Program, PLUS Program, Perkins Loan Program (formerly the National Direct Student Loan Program), and the Health Professions Student Loan Program. For further information I may contact the Tennessee Student Assistance Corp.

15. Under certain circumstances, military personnel may have their loans repaid by the Secretary of Defense, in accordance with Section 699 of the Department of Defense Authorization Act, 1981 (P.L. 96-342, 10 U.S.C. 2141, note). Questions concerning the program should be addressed to the local service recruiter. The program described is a recruiting program and does not pertain to prior service individuals or those not eligible for enlistment in the Armed Forces.

16. Default occurs when I fail to make an installment payment when due, or to meet other terms of the Application and Promissory Note under circumstances where TSAC finds it reasonable to conclude that I no longer intend to honor the obligation to repay, provided that my failure persists for (a) 180 days if I repay in monthly installments, or (b) 240 days if I repay in installments due less frequent than monthly. If I default, my lender will ask TSAC to purchase my loan, at which time I will owe the entire balance of the loan to TSAC directly. My lender or TSAC will report my failure to repay my loan to a credit bureau, which may injure my credit rating. The lender must provide information on the repayment status of this loan to any credit bureau organization upon my request. If not otherwise prohibited by law, the lender may disclose information about the status of this loan to my credit bureau. If I am able, but unwilling, to repay my loans, either the lender or TSAC may institute legal action to force me to repay my loans. The lender, holder, or guarantor may disclose to schools I have attended (or am currently attending) information about the default. I will be ineligible to receive assistance from any of the following Federal programs: Pell Grant, College Work-Study, State Student Incentive Grant, Perkins Loan (formerly called National Direct Student Loans), Stafford Loans, Supplemental Loans for Students, PLUS Loans, Consolidation Loans, or Income Contingent Loans.

17. The lender must keep on file a copy of the State and Federal laws and regulations and TSAC regulations or procedures that govern the Stafford Loan Program. I have a right to examine these materials if I wish.

18. I should investigate the availability of other forms of financial aid with the school's financial aid administrator. It may be to my benefit to determine my eligibility for grant, work-study and other sources of assistance before applying for a student loan. I understand that receipt of a Stafford Loan may eliminate or reduce any awards that I may receive from other programs.

Borrower's Responsibilities

1. I must detach and retain the Borrower's copy of the Application and Promissory Note after completing it.

2. I must use care in choosing a school. Each school must provide a prospective student with information about the school and its programs. I will consider this information carefully before deciding to attend a specific school. I understand that neither the lender, TSAC nor the United States Government vouches for the quality of a school or its programs.

3. I understand that TSAC may charge me for a guarantee fee. If the lender disburses the loan in multiple installments, I will pay this fee for each disbursement. The guarantee fee may be deducted from the proceeds of my loan.

4. I understand an origination fee will be deducted from the loan proceeds. The lender will use this to offset the interest benefits and special allowance paid to it by the Federal Government.

5. I understand that the proceeds of my loan may be used only for educational purposes and that I may be prosecuted under the provisions of the United States Criminal Code if I use these funds for any other purpose.

6. I must contact my lender to make repayment arrangements no later than 60 days prior to the expiration of my grace period.

7. I must repay the loan in accordance with the Repayment Schedule that the lender will give me.

8. I must notify the lender promptly, in writing, if any of the following events occur before the loan is repaid:

A. I fail to enroll in school for the period for which the loan was intended.

B. I withdraw from school or my attendance in school falls to less than a half-time basis.

C. I transfer from one school to another school.

D. I change my name or address.

9. I understand that in requesting a deferment or forbearance I must provide proper documentation to the lender.

UNITED STUDENT AID FUNDS, INC.
P.O. BOX 50437
INDIANAPOLIS, IN 46250-0437
(800) 824-7044

NOTICE TO STUDENT

When you complete this Application and Promissory Note described in this booklet, you are **applying** for a student loan **and promising** to repay the amount that is loaned to you.

Application and Promissory Note for a Guaranteed Student Loan

READ THIS BOOKLET

This booklet contains complete instructions that will help you fill out the application for a guaranteed student loan. To avoid delays, please read and follow the instructions carefully.

1. PREPARING TO APPLY
2. ELIGIBILITY AND LOAN LIMITS
3. INTEREST RATE AND FEES
4. PROMISSORY NOTE AND DISCLOSURES
5. LOAN CHECKS AND SPENDING THE MONEY
6. REPAYMENT
7. DEFERMENTS
8. CREDIT BUREAU NOTIFICATION
9. AVOID DEFAULT
10. APPLICATION INSTRUCTIONS

DEPOSIT GUARANTY NATIONAL BANK

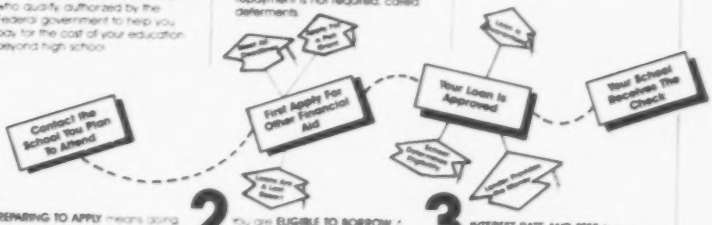
NOTICE: EFFECTIVE JULY 1, 1988, THE GUARANTEED STUDENT LOAN (GSL) PROGRAM HAS BEEN RENAMED THE STAFFORD LOAN PROGRAM.

BEFORE OPENING FOLD DOWN AND TEAR OFF COMPLETE APPLICATION.

Pay special attention to the shaded information. By signing the Application and Promissory Note you are certifying that you have read and understand this material.

A GUARANTEED STUDENT LOAN (GSL) is a low interest loan with federal interest benefits for those who qualify, authorized by the federal government to help you pay for the cost of your education beyond high school.

QUALIFYING FOR FEDERAL INTEREST BENEFITS means that the Federal government pays the interest due to the lender on your behalf while you are in school, during your grace period to the time at which you begin to repay the loan and also during certain periods when repayment is not required, called deferments.


Contact the School You Plan to Attend
First Apply For Other Financial Aid
Your Loan Is Approved
Your School Receives The Check

1

PREPARING TO APPLY means doing these things:

1. Contact the Financial Aid Office at the school you plan to attend to learn about all other possible financial aid programs.
2. Apply for all forms of financial aid before you apply for a loan. Expect to complete several separate application forms.
3. Be aware of filing deadlines. There may be several.
4. If you are an undergraduate or vocational student, the financial aid office will determine your Pell Grant eligibility/ineligibility before you can qualify for a Guaranteed Student Loan. This process alone may take several weeks.
5. Be prepared to present your income tax forms and possibly your parents' income tax forms.
6. Be aware that receipt of a Guaranteed Student Loan will affect the amount of any awards you may receive from other programs except the Pell Grant program.
7. Follow any special instructions computer-printed on the cover of this booklet.

The school will determine your eligibility for a loan when they have all the necessary information.

2

You are **ELIGIBLE TO BORROW** if:

1. You are a U.S. citizen, national or an eligible permanent resident of the U.S.; and
2. You have been accepted for enrollment or enrolled at least half time and making satisfactory progress on a degree or certificate program at an educational institution approved by the Federal government and your guarantor; and
3. You are neither obligated to repay a defaulted education loan nor owe a refund on an education grant program.

3

INTEREST RATE AND FEES for your loans are specifically listed on your Notice of Loan Guarantee and Disclosure Statement. You will be charged (a) interest on the unpaid principal balance of the loan plus (b) a guarantee fee payable in advance to your lender or deducted from the loan proceeds, and (c) an origination fee that will be deducted from the loan proceeds.

The current **INTEREST RATE IS 8%** per year for first time borrowers. Repeat borrowers with outstanding guaranteed student loans continue to borrow at their previous rate.

LOAN LIMITS FOR UNDERGRADUATE STUDENTS

First 2 years of undergraduate or vocational program:	$ 2,625* per year
Remaining years of undergraduate program:	$ 4,000 each year
Cumulative Limit:	$17,250

*A student enrolled in a program that is normally completed in two academic years or less is not eligible for a GSL of more than $2,625 per academic year, regardless of the actual length of time it takes the student to complete the program.

GRADUATE/PROFESSIONAL STUDENTS

Any year of graduate/professional study:	$ 7,500 each year
Cumulative Limit:	$54,750*

*A graduate or professional student may borrow up to a cumulative maximum amount of $54,750 including loans received for study at the undergraduate level. The cumulative limits (both undergraduate and graduate/professional) also include any portion of a borrower's Consolidated Loan that was used to repay a GSL, PLUS or SLS loan.

Your loan can never exceed the cost of your education less any financial aid and your family's expected contribution. Not all lenders will lend the maximum amount.

The maximum loan amounts apply to the entire Guaranteed Student Loan Program. If you receive loans from more than one lender, make sure that each lender is aware of all your other guaranteed student loans.

GUARANTEE FEE. You may be required to pay the lender a portion, up to the legal maximum, of the approved loan amount. The lender is required to pay this fee, if any, to the guarantor to obtain a guarantee on your loan. The lender will either collect this fee in advance or will deduct this fee proportionately from each disbursement of principal of your loan.

An **ORIGINATION FEE** will be deducted from the loan proceeds. This fee, not to exceed the maximum amount allowed by law, is used by the federal government to reduce its cost for this program.

A GUARANTOR is an independent organization or a department of a state's government which guarantees loans made by banks, savings and loan associations, credit unions and insurance companies approved by the guarantor and the U.S. Department of Education. The guarantee means that the loan will be repaid if a borrower does not repay a loan. The guarantor pays the lender and collects the loan from the borrower. The guarantor will pursue all legal remedies to obtain full payment of all defaulted loans. The guarantee role by a guarantor assures future borrowers that lenders will make funds available for student loans.

Your guarantor is indicated on the top of the application and will be one of the guarantors serviced by United Student Aid Funds, Inc. which are Alaska, Delaware, Indiana, Iowa, Maine, Maryland, Montana, Nevada, or the Virgin Islands. The guarantor may also be United Student Aid Funds, Inc., or one of the states (Arizona, Hawaii or the Pacific islands in which United Student Aid Funds, Inc. is the designated guarantor.

4

A PROMISSORY NOTE is a promise to pay the full amount of the loan plus interest for the life of the loan. It is the legal document that describes the terms of the loan, the amount you are borrowing, the interest rate you will pay, and when repayment starts. You will have to sign a Promissory Note in order to receive a loan.

This Application and Promissory Note are one document. When you complete the Application, you also complete the Promissory Note.

You will be asked to indicate a Requested Loan Amount on the Application and Promissory Note; however the lender and school make the final decision on what the loan amount will be. It will never be greater than what you request or the allowable maximum amount under the regulations. The Notice of Loan Guarantee and Disclosure Statement will specify the final loan amount.

THE NOTICE OF LOAN GUARANTEE AND DISCLOSURE STATEMENT is the official notification from the guarantor and the lender that the loan has been approved and contains essential information about the terms and conditions of the loan. The Notice of Loan Guarantee and Disclosure Statement states, in addition to the interest rate and fee information mentioned earlier, the amount of the loan check(s) and the estimated dates the check(s) will be sent to the school. **Read the front and back carefully.**

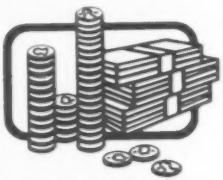
The lender will send you an additional form. This form highlights the important responsibilities you take on when you get a loan. It warns you of the possible actions that can be taken against you **if you do not repay the loan. Read this form carefully.**

5

LOAN CHECKS are sent directly to the school. The amount of your loan (minus the guarantee and origination fees) will be sent to the school in two or more separate loan checks if the loan is for $1,000 or more and the loan period ends 180 days or more after the date of the first disbursement. If not, the full amount of the loan will be sent in one check. The school can recommend to the lender when to send these checks.

Your loan check(s) will be sent to the school named on the application no sooner than 30 days before school starts. The school will require that you come in to sign the check(s) and apply the money to any unpaid school bills.

If you have any questions about the information on the Disclosure Statement or if you want to cancel the loan, contact the lender before you sign your loan check(s). Keep the Disclosure Statement for future reference.



SPENDING THE MONEY. A guaranteed student loan can only be used to pay for educational expenses at the school that completes this application. These expenses include tuition, fees and other reasonable expenses such as room and board, books, supplies and transportation. If you change schools during the application process, reapply for the loan through your new school.

YOUR LOAN MAY BE SOLD OR SERVICED. Lenders have three options for handling your loan:

1. The lender keeps the loan and deals directly with you until the loan is paid in full.
2. The lender keeps the loan, but hires a company (servicer) to deal directly with you on the lender's behalf, until the loan is paid in full.
3. The loan is sold to another lender or secondary market which may hire a company (servicer) to deal directly with you until the loan is paid in full.

If your loan is sold or transferred to another company, keep in contact with the owner or servicer of the loan. You will be notified if this happens. Follow the instructions you receive.

6

REPAYMENT begins following a grace period. As soon as you graduate, withdraw or drop below half-time, the grace period begins. No payments are required during the grace period — 6 months for 5% and 9% loans, 9 months for 7% loans.

If you return to school as at least a half-time student before the grace period expires, you retain the full grace period for when you leave school again.

You must begin making monthly payments when the grace period expires. Most repayment periods are scheduled for 5 to no more than 10 years in length and require monthly payments of at least $50. The size of your monthly payments and the length of the repayment period are based on the total amount borrowed.

For additional information on repayment terms, read the **REPAYMENT SECTION** of the Promissory Note. There are some conditions under which you do not need to make payments. You may postpone the payment of principal for specified periods (deferments) if you meet certain requirements. Read more about deferments later in this booklet.

OTHER LOAN REPAYMENT OPPORTUNITIES are available. A Loan Consolidation Program is available under which you may be able to consolidate loans you receive under the GSL, the Supplemental Loans for Students (SLS) Program (formerly the student PLUS program or ALAS program), the Perkins Loan Program (formerly the National Direct Student Loan Program) and the Health Professions Student Loan (HPSL) Program. For further information, contact your lender or the guarantor named on the top of your application.

Under certain circumstances, military personnel may have their loans repaid by the Secretary of Defense, in accordance with Section 902 of the Department of Defense Authorization Act, 1981 (Pl. 96-342, 10 U.S.C. 2141, note). Questions concerning the program should be addressed to your local recruiter. This program is a recruiting program for the service involved and does not pertain to prior service by an individual or those not eligible for enlistment in the Armed Forces.

REPAYMENT CHART

Use this chart to get an idea of the approximate monthly student loan payments you can expect to face depending on how much you borrow.

APPROXIMATE MONTHLY REPAYMENT SCHEDULE

This schedule is based on an 8% simple interest rate and the federally required minimum monthly payment of $50.00, where applicable. Repayment begins 6 months after you are out of school.

Loan Amount	Minimum Monthly Payment	Number of Monthly Payments	Total Interest Paid	Total Amount Paid
$ 1,000	$ 50.00	22	$ 76.87	$ 1,076.87
$ 1,500	$ 50.00	34	$ 179.19	$ 1,679.19
$ 2,000	$ 50.00	47	$ 333.94	$ 2,333.94
$ 2,500	$ 50.00	62	$ 551.12	$ 3,051.12
$ 3,000	$ 50.00	77	$ 843.97	$ 3,843.97
$ 3,500	$ 50.00	95	$1,230.30	$ 4,730.30
$ 4,000	$ 50.00	115	$1,735.12	$ 5,735.12
$ 5,000	$ 50.66	120	$2,279.66	$ 7,279.66
$ 7,500	$ 71.00	120	$3,419.48	$10,919.48
$10,000	$121.33	120	$4,559.31	$14,559.31

Look for more thorough information about your student loan indebtedness on the Notice of Loan Guarantee and Disclosure Statement.

7

A DEFERMENT means you can postpone making the required payments for specified periods of time after the grace period expires. If you qualify for federal interest benefits when you get the loan, the Federal government will also pay the interest during any deferment periods you may use.

In order to receive a deferment, you must request the deferment and provide your lender with all documentation required to establish your eligibility (as set forth in the regulations governing the GSLP).

DEFERMENT may be granted as follows:

If you already have outstanding GSL, PLUS or SLS loans, you may defer payment of principal on your loan under any of the following circumstances:

- While you are engaged in
  - Full-time study at a school that is participating in the GSL program, unless you are not a national of the United States and are studying at a school not located in the United States, or
  - Full-time study at an institution of higher education or a vocational school that is operated by an agency of the Federal government (e.g., the service academies), unless you are not a national of the United States and are studying at a school not located in the United States, or
  - An eligible graduate fellowship program, or
  - An eligible rehabilitation training program for disabled individuals.
- For periods not exceeding 36 months (for each of the following) while you are
  - On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service, or
  - An active duty member of the National Oceanic and Atmospheric Administration Corps, or
  - Serving as a volunteer under the Peace Corps Act, if you have agreed to serve for a term of at least one year; or

- Serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs), if you have agreed to serve for a term of at least one year; or
- Performing full-time volunteer service, which the Secretary of Education has determined is comparable to service in the Peace Corps or ACTION programs, for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; or
- Temporarily totally disabled, as established by a sworn affidavit of a qualified physician, or unable to secure employment because you are caring for a dependent who is temporarily totally disabled, as established by a sworn affidavit of a qualified physician.

■ For periods not exceeding 24 months (for each of the following) while you are

- Serving in an eligible internship program; or
- Conscientiously seeking but unable to find full-time employment in the United States.

■ For periods not exceeding 6 months when you are pregnant or caring for a newborn child or caring for a child immediately following the placement of the child through adoption, provided you are not attending a school and are not gainfully employed. In order to qualify for this deferment, you must have been enrolled, within the past six months, at least half-time in a school participating in the GSL program.

If you are a new borrower (as defined below) receiving a loan for a period of enrollment beginning on or after or with a disbursement date on or after July 1, 1987, you may also request, in addition to the above, deferments under any of the following circumstances.

■ While you are engaged in at least half-time study at a school that is participating in the GSL program, unless you are not a national of the United States and are studying at a school not located in the United States, and you receive a loan under the GSL, PLUS, or SLS program for the enrollment period.

■ For periods not exceeding 36 months while you are

- Engaged as a full-time teacher in a public or private elementary or secondary school in a teacher shortage area as defined by the U.S. Secretary of Education.

■ For periods not exceeding 12 months, if you are a mother with preschool age children, are entering or reentering the work force, and are being paid at a rate that is no more than $1.00 above the minimum hourly wage prescribed by the Fair Labor Standards Act of 1938.

A "new borrower" is one who has no outstanding balance on a GSL, PLUS, SLS or Consolidation Loan on the date he or she signs the Promissory Note for a loan to cover periods of enrollment beginning on or after or with a disbursement date on or after July 1, 1987.

You must notify your lender when the condition entitling you to the deferment no longer exists.

8 CREDIT BUREAU NOTIFICATION. Information concerning the amount of this loan and its repayment will be reported to one or more credit bureau organizations.

If you default on this loan, the lender, holder or guarantor will report the default to credit bureau organizations.

This may significantly and adversely affect your ability to obtain other credit.

The lender, holder or guarantor must notify you at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless you enter into repayment on the loan within 30 days.

The lender must provide a timely response to a request from any credit bureau organization regarding objections you might raise with that organization about the accuracy and completeness of information reported about you.

9 AVOID DEFAULT. You are applying for a Guaranteed Student Loan which you must repay. Do not borrow more than you need. Think about your future income after you leave school and the other expenses, such as food, shelter, clothing, utilities, taxes, car and insurance payments, and credit card debts that you will also have after school.

Remember that your future use of credit may be seriously affected if you do not meet your student loan repayment obligations.

If you fail to repay your loan, you may:

- **Lose your federal and/or state tax refund.**
- **Damage your credit rating for other loans.**
- **Be sued by your guarantor.**
- **Have to deal with a private collection agency.**
- **Lose part of your wages or salary to pay your loan.**
- **Be prevented from selling any land or personal property you own until the loan is repaid.**
- **Lose your eligibility for further federal financial aid.**

IF YOU STILL HAVE QUESTIONS, CALL THE PHONE NUMBER ON THE FRONT COVER OF THIS BOOKLET.

10

INSTRUCTIONS FOR COMPLETING THE APPLICATION AND PROMISSORY NOTE FOR A GUARANTEED STUDENT LOAN

SECTION 1:

TO BE COMPLETED BY THE STUDENT. (ITEMS 1-19A)

Follow any special instructions computer printed on the cover of this booklet.

DO NOT COMPLETE IN PENCIL. TYPE OR PRINT IN INK.

ITEM 1A

Enter your Social Security Number. If ITEM 1A has been completed for you and is incorrect, see ITEM 1B instructions. An application submitted without a Social Security Number will be returned. Read the Privacy Act and the Right to Financial Privacy Act notices on Page 8 before completing this item.

ITEM 1B

Cross out the entire incorrect Social Security Number in ITEM 1A and print the entire correct Social Security Number in ITEM 1B.

ITEM 2A

Print on one line your last name, first, then your first name and middle initial. Then print your permanent home street address, apartment number, R.D. or Post Office Box on one line. Print your city, state (use state codes listed below), and zip code on one line. If your permanent address is in a foreign country, enter city, the country name and the letters FC on this line. A temporary school or military (APO, FPO) address is NOT acceptable. If ITEM 2A has been completed for you and any part of your name and address is incorrect, see ITEM 2B instructions.

ITEM 2B

Cross out all the information in ITEM 2A and print your complete correct name and permanent address in ITEM 2B. Follow the line format indicated in ITEM 2A.

ITEM 3

Enter Month, Day and Year of your birth. Use only numbers.

ITEM 4

Enter the two letter State Code abbreviation from the table for ITEM 2 and the number on your license. If you do not have a valid driver's license, enter N/A.

ITEM 5

Enter the area code and phone number for the address listed in ITEM 2.

ITEM 6

Indicate your U.S. citizenship status. Check 1 if you are a U.S. citizen, U.S. National (native of American Samoa), or a permanent resident of Palau (formerly part of the Trust Territory of the Pacific Islands).

Check 2 if you are a permanent resident with an Alien Registration Receipt Card (Form I-151 or I-551), or you have a form I-94 Departure Record from the U.S. Immigration and Naturalization Service showing any one of the following designations: 1 – Refugee, 2 – Asylum Granted, 3 – Indefinite Parole and/or Humanitarian Parole, or 4 – Cuban-Haitian Entrant.

If you are in the U.S. on only an F1 or F2 student visa, on only a J1 or J2 exchange visitor visa, or on only a G-series visa (pertaining to international organizations), you are not eligible for a loan.

If you check 2, you must fill in your Alien Registration Identification Number exactly as it is printed on your Alien Registration Receipt Card. If you check 2, you must be attending a school within the United States or its territories in order to be eligible for a GSL loan.

If you cannot check 1 or 2, you are not eligible for a loan. If you are in the U.S. on only an F1 or F2 student visa, on only a J1 or J2 exchange visitor visa, or on only a G-Series visa (pertaining to international organizations), you are not eligible for a loan.

ITEM 7

Enter the requested information for three adults with different addresses. The application will be returned if this item is not complete with **all** street addresses, cities, states, zip codes, area codes, phone numbers and employers. If there is no street or post office box, please enter N/A. Preferred references are parents, guardians, adult relatives. The people you list may be contacted and should know your whereabouts at all times.

ITEM 8

If you cannot check 1 or 2, you are not eligible for a loan. You must be enrolled at least half-time to be eligible for this loan.

STATE CODES (Use in ITEMS 2 and 4)

AL	Alabama
AK	Alaska
AS	American Samoa
AZ	Arizona
AR	Arkansas
CA	California
CO	Colorado
CM	Commonwealth of the Northern Marianas
CT	Connecticut
DE	Delaware
DC	District of Columbia
FL	Florida
GA	Georgia
GU	Guam
HI	Hawaii
ID	Idaho
IL	Illinois
IN	Indiana
IA	Iowa
KS	Kansas
KY	Kentucky
LA	Louisiana
ME	Maine
MD	Maryland
MA	Massachusetts
MI	Michigan
MN	Minnesota
MS	Mississippi
MO	Missouri
MT	Montana
NE	Nebraska
NV	Nevada
NH	New Hampshire
NJ	New Jersey
NM	New Mexico
NY	New York
NC	North Carolina
ND	North Dakota
OH	Ohio
OK	Oklahoma
OR	Oregon
PA	Pennsylvania
PR	Puerto Rico
RI	Rhode Island
SC	South Carolina
SD	South Dakota
TN	Tennessee
TX	Texas
TT	Trust Territories (Palau)
VT	Vermont
UT	Utah
VI	Virgin Islands
VA	Virginia
WA	Washington
WV	West Virginia
WI	Wisconsin
WY	Wyoming
FC	Foreign Country

ITEM 9

Use the code number below to complete this item.

Two year, four year, graduate or professional students

00.	Correspondence	05.	Business
01.	Liberal Arts	06.	Science
02.	Graduate or Professional	07.	Vocational
03.	Engineering	08.	Other
04.	Education		

Proprietary or vocational students

15.	Other	37.	Hotel/Motel Management
16.	Accounting	38.	Interior Design
17.	Air Conditioning/Heating	39.	Legal Secretary
18.	Allied Health	40.	Machine Tool/Die Technology
19.	Auto/Diesel/Motorcycle Repair	41.	Medical Assisting
20.	Barbering	42.	Medical Laboratory Technology
21.	Broadcasting	43.	Medical Office Assisting/Management
22.	Business Administration/Marketing	44.	Optometric Assisting
23.	Commercial/Fine Arts	45.	Paralegal Training
24.	Construction Technology	46.	Pet Grooming/Kennel Management
25.	Cosmetology	47.	Photography
26.	Court Reporting	48.	Pilot/Aviation Mechanics
27.	Culinary Arts/Food Processing	49.	Printing
28.	Data Processing/Computer Programming	50.	Private Secretary
29.	Dental Assisting	51.	Radio/TV/Appliance Repair
30.	Dental Laboratory Technology	52.	Recreation Management
31.	Drafting	53.	Tailoring/Dressmaking
32.	Electronics	54.	Travel/Tourism
33.	Engineering Technology	55.	Truck Driving
34.	Fashion Design/Merchandising	56.	Veterinarian Assisting
35.	General Secretarial/Word Processing	57.	Welding
36.	Horology	58.	X-Ray Technology

ITEM 10

Enter the amount that you will need to pay the education expenses for the loan period indicated in ITEM 11. The lender may not be able to lend all the money that you have requested. If the lender makes a loan to you, the specific amount of the loan will be indicated on the Notice of Loan Guarantee and Disclosure Statement that you will receive after the loan has been approved and guaranteed.

ITEM 11

Enter the starting and ending dates (for example from 09-87 to 06-88) of the academic period for which this loan is to be used. These dates should coincide with a regular school period such as semester, quarter, trimester, academic year, etc. FROM START TO END DATE CANNOT BE LONGER THAN 12 MONTHS.

ITEM 12

Indicate if you have ever defaulted on a Guaranteed Student Loan (GSL) or a Federal Insured Student Loan (FISL) or a Health Education Assistance Loan (HEAL) or a PLUS/ALAS/SLS (Parent Loan, Auxiliary Loan to Assist Students, Supplemental Loan for Students) or a Perkins Loan (formerly NDSL, National Direct Student Loan), an Income Contingent Loan or a Consolidation Loan. Default means your loan was purchased from the lender by the guarantor. You then owed the money to the GUARANTOR.

If you check **"YES,"** attach a written letter from the guarantor of your defaulted loan(s) or other proof stating that you have made satisfactory arrangements to repay the default or that you are repaying the defaulted loan in a satisfactory manner or that you have paid in full the defaulted loan. Also attach a written statement indicating the original lender's name and address, the academic periods for which the loan(s) was obtained, the amount(s) still owed and the circumstances of the default. In all cases, your application will be individually reviewed to determine if you should receive an additional loan. **WITHOUT THIS INFORMATION, YOUR APPLICATION WILL BE RETURNED.**

ITEM 13

Indicate any unpaid Guaranteed Student Loans (GSL), Federally Insured Student Loans (FISL), Parent Loan (PLUS), Supplemental Loan for Students (SLS), or a Consolidation Loan.

NOTE:

The term "most recent GSL" in items 13A through 13D refers to the latest GSL or FISL that has been approved and disbursed to you. Do not indicate loans that have not been approved.

ITEM 13A

Enter the total amount of your most recent GSL loan less any payments you have made to reduce the balance of this loan.

ITEM 13B

Enter the interest rate from your most recent GSL.

ITEM 13C

Enter the grade level from your most recent GSL utilizing the codes below:

Correspondence	0
1st year (Freshman)	1
2nd year (Sophomore)	2
3rd year (Junior)	3
4th year (Senior)	4
5th year (Undergraduate)	5
Graduate or Professional	
1st year	6
2nd year	7
3rd year	8
Beyond 3rd year	9

ITEM 13D

Enter the date(s) from the school section on your copy of your most recent GSL application.

ITEM 13E

This amount must include the unpaid GSL/SLS/ALAS (STUDENT PLUS) portion of any consolidated loans.

ITEM 14

If you have GSL/PLUS/SLS loans with a lender other than the one identified in Box 34 of this application, furnish the name and address of that lender.

NOTE:

If Box 34 is not completed with the name and address of a lender and you do not have a lender, call the phone number on the front cover of this booklet.

INSTRUCTIONS FOR SIGNING THE APPLICATION AND PROMISSORY NOTE

ITEM 19A

BORROWER SIGNATURE IS REQUIRED. Sign your legal name, including first name, middle initial and last name. **USE A BALLPOINT PEN.** You are making several copies so press firmly.

Fill in the date you are signing the Application and Promissory Note. By signing you accomplish two things:

1. You acknowledge that you have read, understand and agree to the provisions in the Borrower Certification Section on the reverse side.
2. You are agreeing to repay the loan in full in accordance with all the terms and conditions on the Promissory Note.

ITEM 19B

If your application contains ITEM 19B, be sure to have the co-signer sign, date and indicate the address at which they can be contacted.

WHAT TO DO AFTER COMPLETING THE APPLICATION AND PROMISSORY NOTE

- **CHECK TO BE SURE SECTION 1 OF ALL COPIES IS LEGIBLE AND COMPLETE.**
- **DETACH BORROWER COPY D FOR YOUR RECORDS. KEEP COPIES A, B, AND C TOGETHER AS A SET.**
- **UNLESS THERE ARE DIFFERENT INSTRUCTIONS INCLUDED WITH THIS BOOKLET, FORWARD COPIES A, B, AND C OF THE APPLICATION AND PROMISSORY NOTE TO YOUR SCHOOL.**
- **KEEP THIS BOOKLET FOR FUTURE REFERENCE.**
- **IF YOU HAVE ANY QUESTIONS ABOUT THE PROCESSING OF YOUR LOAN, CALL THE PHONE NUMBER ON THE FRONT COVER OF THIS BOOKLET.**

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C.552(a)) requires that an agency provide the following notice to each individual whom it asks to supply information and disclose his/her Social Security Number (SSN).

1. The authority for collecting the requested information and SSN is Section 428(b) - (c) and 488(c) of the Higher Education Act of 1965, as amended. Applicants are advised that participation in the Guaranteed Student Loan Program (GSLP) is voluntary, but the requested information is necessary for participation in the GSLP.
2. The principal purposes of the information and SSN are as follows: to verify the identity of the applicant; to determine program eligibility and benefits; to permit servicing of the loan; and, in the event it is necessary, to locate a missing borrower and collect on a delinquent or defaulted loan.
3. The routine uses of this information and SSN include the following: the information may be furnished during the life of the loan to holders of this and other loans made to the borrower under the GSLP, to educational institutions in which the borrower is enrolled or is accepted for enrollment; to guarantors; to contractors which assist the U.S. Department of Education in the administration of the GSLP; to Federal or State agencies or private parties who may be able to provide information necessary for the collection of the loan, or to assist in the servicing or collection of the loan.

The Privacy Act of 1974 (5 U.S.C.552(a)) requires that when the Federal, State, or local government agency requests an individual to disclose his/her SSN, that individual must also be advised whether that disclosure is mandatory or voluntary, by what statute or other authority the number is solicited, and what uses will be made of it.

Disclosure of the applicant's SSN is required as a condition for participation in the GSLP as the U.S. Department of Education has consistently required the disclosure of the SSN on application forms and other necessary GSLP documents adopted pursuant to published regulations governing the GSLP.

Right To Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in accordance with the administration of the GSLP.

ECOA Notice

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act.

The names and addresses of the federal agencies which administer compliance with this law are listed below. During the course of the loan application process, your lender will, upon request, inform you of the proper body which regulates the lender.

A. Federal Reserve System
20th Street & Constitution Avenue NW
Washington, D.C. 20551

B. Office of the Comptroller of the Currency
490 L'Enfant Plaza East SW
Washington, D.C. 20219

C. Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

D. Federal Home Loan Bank Board
101 Indiana Avenue NW
Washington, D.C. 20552

E. National Credit Union Administration
2025 M Street NW
Washington, D.C. 20456

F. Federal Trade Commission
6th Street & Pennsylvania Avenue NW
Washington, D.C. 20580

UNITED STUDENT AID FUNDS, INC.

Application and Promissory Note for a Guaranteed Student Loan

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment under the United States Criminal Code and 20 USC 1097. 00718 SR- N-000000-01 0

SECTION I — TO BE COMPLETED BY THE STUDENT — READ THE INSTRUCTIONS — TYPE OR PRINT IN INK

1A Social Security Number | 1B Last Name, First, M.I., Permanent Home Address | 1C Correct item 2A in this space: Name / Address / City, State, Zip

1D Correct item 1A in this space

1E Birthdate | 1F Driver's License: State / No. | 1G Area Code/Phone No. | 1H U.S. Citizenship Status (check one): 1 Citizen, 2 Non-Citizen, Eligible; Alien ID No.

1I References — You must provide separate adult references with different addresses (carefully read instructions):

Name	Street, City, State, Zip	Area Code/Phone No.	Employer
1J			
1K			
1L			

2A Intended Enrollment Status (check one): 1 Full-time, 2 At least half-time | 2B Major Course of Study | 2C Requested Loan Amount: 00 | 2D Loan Period For This Loan: From Mo. Yr. To Mo. Yr.

2E Have you ever defaulted on an Education Loan? (check one) If yes, carefully read instructions: 1 Yes, 2 No | 2F Do you have any unpaid student loans? (check one) If yes, carefully read instructions. If no, complete 13A through 13E with zeroes: 1 Yes, 2 No

3A Total unpaid balance of your most recent GSL: 00 | 3B Interest rate on your most recent GSL: % | 3C Grade level of your most recent GSL | 3D Beginning and ending dates of your most recent GSL: From Mo. Yr. To Mo. Yr.

3E Total unpaid balance of all your Guaranteed Student Loans or any portion of this loan included in your Consolidation Loan: 00 | 3F Name and Address of Previous Lender, if any

Promissory Note for a Guaranteed Student Loan

I, **Promise To Pay**, I, the undersigned borrower promise to pay you or your order when the note becomes due a sum certain equal to the loan amount I have requested in Section I, item 10 of this Application or any lesser amount which will be disclosed to me in the Notice of Loan Guarantee and Disclosure Statement or the amount advanced to me, plus interest and any other charges which may become due as provided in Paragraph VI. My signature certifies that I have read, understood and agreed to the conditions and authorizations stated in the "Borrower Certification" printed on the reverse side and the legally required information highlighted in the application booklet.

I understand that this is a promissory note. I will not sign this Promissory Note before reading it including the writing on the reverse side, even if otherwise advised. As a borrower, I am entitled to an exact copy of this Promissory Note, the Notice of Loan Guarantee and Disclosure Statement and any agreement I sign. By signing this Promissory Note I, the borrower, acknowledge that I have received an exact copy of this note.

4A X
Signature of Student Borrower — Date

Notice to Student: Terms of the Promissory Note continue on the reverse side. Retain Copy D for your records.

SECTION II — TO BE COMPLETED BY THE SCHOOL

5A Name and Address of School | 5B School Code | 5C Area Code/Phone No. | 5D Grade Level Code | 5E Correct item 2A in the space

5F Anticipated Completion Date: Mo. Yr. | 5G Correct item 24A in the space | 5H Enrollment Period Covered by Loan: Mo. Day Yr. — Mo. Day Yr.

6A Family Adjusted Gross Income | 6B Estimated Cost of Attendance For Loan Period: 00 | 6C Estimated Financial Aid for Loan Period: 00 | 6D Expected Family Contribution: 00 | 6E Difference (2F minus the sum of 2B plus 2H): 00

7A Recommended Disbursement Date: Mo. Day Yr. — Mo. Day Yr. — Mo. Day Yr. | 7B Correct item 29A in this space

8A I have read and understand the terms of the school certification printed on the back of the application. | Signature of Authorized Fin. Aid Director | Type or Print Name and Title | Date

SECTION III — TO BE COMPLETED BY THE LENDER

9A Name and Address of lending institution:
DEPOSIT GUARANTY NATIONAL BANK
LOAN ORIGINATION CENTER
P. O. BOX 12229
KILLEEN, TX 76547-2229

9B Loan Amount Approved: 00 | 9C Interest Rate: % | 9D Fee

9E Lender Code: 814106 | 9F Anticipated Disbursement Date(s): Mo. Day Yr. — Mo. Day Yr. — Mo. Day Yr.

9G Signature of Authorized Lending Official | 9H Area Code/Phone No.: 800-343-5904 | 9I For Lender Use Only

Type or Print Name and Title | Date

USA Funds Form 1152 (9-87) REV

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LENDER COPY A

Additional Terms of the Promissory Note for a Guaranteed Student Loan

II. Date Note Comes Due. I will repay this loan: (1) in periodic installments beginning no later than the end of my grace period as disclosed to me in the Notice of Loan Guarantee and Disclosure Statement or (2) in full immediately if I fail to enroll at and attend the school which certified this application for the academic period intended, or which I plan, will not be eligible for a grace period. During the grace period, I may request that repayment may begin before my grace period ends.

III. Interest. I agree to pay an amount equivalent to simple interest on the unpaid principal balance from the date you advance the loan until the loan is paid in full. If I have an outstanding Student Loan(s) with an interest rate of 7%, 8% or 9%, the interest rate on this loan will be the same as that on my outstanding loan(s). If I have no outstanding Guaranteed Student Loan, the interest rate on this loan will be 8%. The Notice of Loan Guarantee and Disclosure Statement identifies the applicable interest rate for this loan. The Secretary of Education (Secretary) will pay the interest that accrues on this loan prior to the repayment period and during any deferment period, if it is determined that I qualify to have such payments made on my behalf under the regulations governing the GSLP. In the event the interest on this loan is payable by the Secretary, the lender may not attempt to collect this interest from me. I may, however, choose to pay this interest myself.

Once the repayment period begins, I will be responsible for payment of all the interest that accrues on this loan, except that if the interest accruing on this loan prior to the repayment period was payable by the Secretary, the Secretary will pay the interest that accrues during any period described under "DEFERMENT" in this Promissory Note.

The lender may add any interest to the unpaid principal balance of this loan that is not paid when it is due, in accordance with regulations of the guarantor governing the GSLP. All payments will be made to you at address as specified on the Notice of Loan Guarantee and Disclosure Statement or to any other address you notify me of.

IV. Origination and Guarantee Fees. I will pay to you an origination fee not to exceed the percentage of the loan amount that is authorized by Federal law. You will deduct this fee proportionately from each disbursement of principal of this loan. I will also pay you an amount equal to the guarantee fee that you are required to pay to the guarantor for this loan. I am entitled to a refund of the origination and guarantee fee paid in regard to this note if I pay back this note in full within 120 days of disbursement or return the unendorsed loan check to you. The amount of the origination and guarantee fees will be disclosed to me on the Notice of Loan Guarantee and Disclosure Statement.

V. Default. I will be in default and you have the right to give me notice that the entire outstanding principal balance plus any unpaid interest I owe is due and payable at once if I fail to make an installment payment when due or to meet other terms of the promissory note under circumstances where the guarantor finds it reasonable to conclude that I no longer intend to honor the obligation to repay, provided that this failure persists for 180 days for a loan repayable in monthly installments or 240 days for a loan repayable on less frequent installments. After sending such notice to me, you will have the right, without further notice to take the outstanding balance out of my checking and or savings account named with you, if not prohibited by law. But not out of the proceeds of any other property of mine which you have a right to take because of any other agreement between you and me. If default, I will be required to pay interest on this loan as provided in interest, Paragraph (3) from the date of default. The Lender, holder or guarantor may disclose to schools I have attended or am currently attending, the information about the default and I will be ineligible to receive assistance from any of the following federal programs: Pell Grant, Byrd Scholarship, Supplemental Education Opportunity Grant, College Work Study, State Student Incentive Grant, Perkins Loan (formerly called National Direct Student Loans), Guaranteed Student Loan, Supplemental Student Loans (SLS), PLUS Loans, or an Income Contingent Loan or Consolidation Loans. A default also makes me ineligible for the benefits, if any, which may qualify for as described under Deferment, Paragraph VIII and under interest, Paragraph III. If this loan is referred for collection to any agency that is subject to the Fair Debt Collection Practices Act, I will pay collection costs.

VI. Late Charges and Collection Costs. If any required installment payment has not reached you within 10 days after its due date or if I fail to provide written evidence that verifies my eligibility to have the payment deferred as described under Deferment, Paragraph VIII, you may, if permitted by law, bill me for a late charge of the maximum rate permitted which rate charged shall not exceed six cents for each dollar of each late installment. If I fail to pay any of these amounts when they are due, I will pay all charges and other costs, including the statutorily authorized fees of an outside attorney and court costs that are permitted by Federal law and regulations for the collection of this loan, which you incur in collecting this loan.

VII. Additional Agreements. The proceeds of this loan will be sent to the school listed on my application and be used only for educational expenses. Any notice required to be given to me will be effective when mailed by first class mail to the street address you have for me. Your failure to enforce or insist that I comply with any term of this Note is not a waiver of your rights. No provision of this Note can be waived or modified except in writing. If the guarantor is required under its guarantee to repay my indebtedness because I have defaulted, the guarantor will become the owner of this Note and as my creditor will have all the rights of the original Lender to enforce this Note against me. I understand that I must repay this Note even though I may be under 18 years of age. This Note is not effective until it is accepted by you. If the borrower becomes totally and permanently disabled, or dies, his or her obligation to repay this loan will be cancelled/discharged from default. I agree to notify you of a change in my name, address or any applicable school enrollment status within 10 days. Notice not made any false written statement with regard to the loan. If any provision of this Note is determined to be unenforceable in a jurisdiction by any such provision shall be considered ineffective without invalidating the remaining provisions of this Note. In this Note the words "I", me, and my mean the borrower identified in Item 2 of Section I of the Application and any cosigner of this Note. You, your and yours mean the Lender and any other owner of the Note.

VIII. Deferment. I am entitled to deferments under the Higher Education Act, as amended and its regulations. In order to receive a deferment, I must request the deferment and provide you with documentation required to substantiate my eligibility. I understand that I must notify you when the condition underlying me to the deferment no longer exists. My eligibility for a deferment will be determined by the information highlighted in the Application Booklet.

IX. Repayment. I will repay the total amount due on this Promissory Note in periodic installments each interest on the unpaid balance from the due date of this Promissory Note until the loan is paid in full. I will repay this loan over a repayment period that generally lasts at least 5 years but no more than 10 years. However, the following exceptions to these rules apply:

(1) During the grace period, I request a shorter repayment period, the Lender may grant me a shorter period.

(2) The Lender may require a repayment period shorter than 5 years if this is necessary to limit, in that during each year of the repayment period, [illegible] have GSL or SLS program loans outstanding — will pay toward principal and interest at least $600 on the unpaid balance of all such loans plus interest, whichever is less.

I will qualify for postponement of my payments during any period described under DEFERMENT in this Promissory Note, or if the Lender grants forbearance. Those periods will not be included in the 5- and 10-year periods mentioned above.

The particular terms and conditions of repayment that apply to this loan will be set forth in a separate disclosure, known as repayment schedule, that the Lender will provide to me normally just before the repayment period begins. I further agree that the lender may grant me a forbearance for the purpose of aligning the final payment date of this Loan with other loans, reflected on my repayment schedule.

X. Prepayment. I may, at my option and without penalty, prepay all or any part of the principal or accrued interest of this loan at any time. I do so, I will be entitled to a rebate of any unearned interest that I have paid.

XI. Credit Bureau Notification. Information concerning the amount of this loan and its repayment will be reported to one or more credit bureau organizations. If I default on this loan, the lender, holder or guarantor will also report the default to credit bureau organizations.

This may significantly and adversely affect my ability to obtain other credit.

The lender, holder or guarantor must notify me at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless I enter into repayment on the loan within 30 days.

The lender must provide a timely response to a request from any credit bureau organization regarding this loan. I might take with that organization and completeness of information reported about me.

Borrower Certification

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct: The borrower identify that the information completed in Section I of this application is true, complete and correct to the best of my knowledge and belief and is made in good faith. I hereby authorize the school to pay to the Lender any refund which may be due me up to the amount of this loan. I further authorize any school that I may attend to release to the lending institution, subsequent holder, guarantor, U.S. Department of Education, or their agents, any requested information pertinent to this loan (e.g., employment, enrollment status, current address). I certify that the proceeds of any loan made as a result of this application will be used for educational expenses for the loan period referred by this application at the school named in Section II. I understand that I must immediately repay any funds that I receive which cannot reasonably be attributed to meeting my educational expenses related to attendance at that school for the loan period stated in Item 2B. I certify that the total amount of loans received under the Guaranteed Student Loan Program, Title IV, Part B (P.L. 89-329, as amended), will not exceed the allowable maximums. I further certify that I do not now owe a refund on a Pell Grant, Byrd Scholarship, Supplemental Grant, or State Student Incentive Grant and am not now in default on a Perkins Loan Program (formerly called National Direct Student Loan) or a Guaranteed Student Loan or a Federally Insured Student Loan or a PLUS/ALAS/SLS loan or an Income Contingent Loan or a Consolidation Loan unless I have made satisfactory arrangements to pay. In Item 10 of this Application, I further authorize my Lender to issue a check covering the proceeds of my loan in my or on part made payable to me, or at the Lender's option, jointly payable to me and the school, and sent to the school named in Section II.

I the student borrower, understand that I will receive a Notice of Loan Guarantee and Disclosure Statement that identifies my loan amount as determined by the Lender, the loan amounts, disbursement dates, grace period, interest rate and late charges. I the student borrower, understand and agree that if the information on the Notice of Loan Guarantee and Disclosure Statement conflicts with the information on the Application and Promissory Note, the information on the Notice of Loan Guarantee and Disclosure Statement applies.

Georgia

Stafford Loan

Application & Promissory Note

Georgia
Student Finance Commission
Serving Georgia's Future

GEORGIA STAFFORD LOAN APPLICATION PROCEDURES

Before You Apply

Contact the Financial Aid Office at the school you plan to attend to learn about all other possible financial aid programs. You should apply for other financial aid before applying for a Stafford loan, because receiving a Stafford loan may affect the amount of awards you receive from other financial aid programs. In order to show your financial need for a Stafford loan, you will be required to complete a need analysis form. Contact the school to determine which form is accepted or preferred. Be prepared to present your income tax forms and possibly, your parents' income tax forms. It may take several weeks for the form to be processed, so apply well in advance.

How to Apply for a Stafford Loan

This booklet contains important information on the Stafford loan program as well as the instructions for completing the application. Read this booklet before completing the application, and then save it for your records. Locate a participating lender who is willing to make the loan to you. You should check on any additional requirements, such as requiring an endorser. If you don't select a lender, your school cannot forward your application to the lender and will therefore return it to you.

How do I use a pre-printed application?

1. If you receive a pre-printed application from the school or GHEAC, this means your school is participating in GHEAC's electronic application process. Through this means, your application will be processed more quickly. Verify that the pre-printed information in the borrower section is correct. Then complete and sign the application according to the instructions sent with it.
2. Your lender will complete Section III of the Application & Promissory Note and send it to GHEAC for processing.
3. GHEAC as Escrow Disbursement Agent or your lender will send your loan checks to your school. If you are attending a foreign school your lender will give the loan check directly to you.

How do I apply if I do not receive a pre-printed application?

1. Detach the entire Application & Promissory Note from the center of the booklet, keeping all parts together as a set. Complete Section I, following the instructions in this booklet. Be sure to answer all questions.
2. Take or mail all copies of the Application & Promissory Note to the Financial Aid Office at your school. The school will complete Section II and determine your loan eligibility.
3. The school will either return the form to you or send it to your lender for processing.
4. GHEAC as Escrow Disbursement Agent or your lender will send your loan checks to your school. If you are attending a foreign school your lender will give the loan check directly to you.

STAFFORD LOAN PROGRAM INFORMATION

What is a Stafford Loan?

A Stafford loan (formerly Guaranteed Student Loan) is a low-interest, educational loan, authorized by the Federal and State governments to help students meet the costs of higher education. Through the Georgia Stafford Loan Program, loans are made primarily by commercial lending institutions — banks, savings institutions, credit unions, and life insurance companies.

The Georgia Higher Education Assistance Corporation (GHEAC), a subsidiary of the Georgia Student Finance Commission, administers the Georgia educational loan programs. GHEAC guarantees (i.e., insures) the borrower's repayment of the loan, so that the lender is protected from loss in the event of death, permanent and total disability, bankruptcy, or default of the borrower.

Who is eligible for a Stafford Loan?

You are eligible for a Georgia Stafford loan if you:

- are a U.S. citizen or a non-citizen who can provide evidence of permanent residence status;
- are accepted for enrollment or enrolled at least half-time at a participating school in a program leading to a degree or certificate, or leading to a professional credential or certification from a state, that is required for employment as an elementary or secondary school teacher in that state; or are enrolled for not longer than a twelve-month period in a course of study which has been determined as necessary for enrollment in a degree or certificate program;
- are maintaining satisfactory academic progress in your course of study according to the school's standards and statutory requirements; have satisfied requirements under the Selective Service Act necessary to receive financial aid; and (other than dentistry) are not serving in an eligible medical internship/residency program;
- have been determined eligible or ineligible for a Pell Grant and, if eligible, have filed an application for the grant;
- have not defaulted on an educational loan and owe no refund on an educational grant;
- meet all other Stafford eligibility requirements prescribed by law at the time your loan application is processed, and have not already borrowed the maximum amount the Stafford program allows.

What are Federal interest benefits?

If you qualify for Federal interest benefits, it means that the Federal government pays the interest due to the lender on your behalf while you are in school, during your grace period to the time at which you begin to repay the loan, and also during certain periods, called deferments, when repayment is not required.

What lenders participate in the Stafford loan program?

Many banks, savings institutions, credit unions, and life insurance companies participate in the Stafford loan program. Participating lenders make loans in accordance with program policies and their own lending criteria. You should first apply to a lending institution with whom you or your family does business, or to another lender in your home area. If you are unable to find a lender willing to make the loan to you, contact the school Financial Aid Office, or GHEAC at the number on the back of this booklet. You may also contact the Georgia Student Finance Authority (GSFA), a participating lender, at (404) 493-5449.

In addition to regular Stafford loans, GSFA makes service-cancelable loans from State-appropriated funds to students in some health and teaching fields with critical personnel shortages. If you receive a service-cancelable loan, you may repay it by your employment in Georgia in the particular field for which you obtained the loan. GSFA also makes service-cancelable loans to members of the Georgia National Guard. Please note that approved fields of study and eligibility requirements are subject to change. For further information contact the Financial Aid Office at your school or GSFA .

What is the application deadline?

GHEAC will process loan applications throughout the year, but WILL NOT PROCESS applications received after the last day of the month preceding the last month of the loan period. For example, if the loan period ends in June, the application must be received by GHEAC by May 31. Your lender may have earlier deadlines for accepting Stafford loan applications.

How much can I borrow?

Your loan cannot exceed the cost of your education less any financial aid and your family's expected contribution. The maximum loan amounts apply to the entire Stafford loan program. If you receive loans from more than one lender, make sure that each lender is aware of all your other Stafford loans.

LOAN LIMITS

Undergraduate Students		
First two years of undergraduate or vocational program	$ 2,625*	per year
Remaining years of undergraduate program	$ 4,000	per year
Cumulative Limit	$17,250	

*You are not eligible for a Stafford loan of more than $2,625 per academic year until you have successfully completed the first two academic years of study, regardless of the actual length of time it takes to complete your entire program.

Graduate/Professional Students		
Any year of graduate/professional study	$ 7,500	per year
Cumulative Limit	$54,750*	

*If you are a graduate or professional student, you may borrow up to a cumulative maximum amount of $54,750, including loans received for study at the undergraduate level. The cumulative limits of both your undergraduate and graduate/professional studies also include any portion of a Consolidated Loan that was used to repay your Stafford, PLUS, or SLS loan.

How much will I pay in interest and fees?

The interest rate charged on a Stafford loan is 8% for new borrowers through the first four years of repayment, and 10% thereafter. If you borrowed previously at a specific rate and have an outstanding balance on a Stafford loan, you continue to borrow at the same rate. (Your lender may require documentation of such a balance.) Remember, the Federal government pays the interest while you are enrolled on at least a half-time basis and also during the grace period after you leave school.

GHEAC charges a **guarantee fee** to insure your loan. An **origination fee** is charged by the Federal government to reduce its cost of administering the Stafford loan program. The amount and rate of these fees will be stated on your Loan Guarantee and Disclosure Statement and deducted proportionately from your loan proceeds.

What is a Promissory Note?

When you complete the Application, you also complete the Promissory Note. The Promissory Note is your promise to pay the full amount of the loan plus interest. It is the legal document that describes the terms of your loan, including the interest rate you will pay and when you must begin repayment. Read the entire Promissory Note carefully before you sign the Promise to Pay section.

What is the Loan Guarantee and Disclosure Statement?

When your loan is guaranteed, GHEAC issues a Loan Guarantee and Disclosure Statement to you, the school, and your lender. This statement identifies the terms of your loan, including:

- the total amount guaranteed;
- the total amount of loan proceeds;
- the estimated transmittal date(s) of your loan check(s);
- the rate and amount of guarantee fee that is deducted from your loan;
- the rate and amount of the origination fee that is deducted from your loan;
- the interest rate on your loan;
- an estimate of your total borrowing to date on Stafford, PLUS, SLS, and Consolidation loans; and
- the reason for reduction of the loan amount approved by your lender, if applicable.

How will I get my loan check?

Information about your loan's disbursement will be shown on your Loan Guarantee and Disclosure Statement. Stafford loans are multiply disbursed and the checks are made payable to you, but sent directly to the school named on the application, unless you are attending a foreign school. They are sent in accordance with the disbursement schedule the school has established. Federal law prohibits your check(s) from arriving at the school earlier than 30 days before school starts. If your loan is disbursed through the GHEAC Escrow Disbursement System, your lender will disburse your loan proceeds to the GHEAC Escrow Account. GHEAC will then send your loan check(s) to your school according to the estimated disbursement schedule shown on your Loan Guarantee and Disclosure Statement.

You must contact the Financial Aid Office to make arrangements to receive your loan check. The school will require that you come in to sign the check(s) and apply the money to any unpaid school bills. If you decide you want your loan canceled or if you change schools, notify your lender immediately and do not accept your loan check.

When does repayment begin?

You must begin repayment after your grace period has expired. The grace period begins when you graduate, leave school or drop below half-time studies. If you return to school as at least a half-time student before the grace period expires, you retain the full grace period when you leave school again. The length of your grace period is shown on your Loan Guarantee and Disclosure Statement.

The minimum loan payment is $60 per month ($600 per year). Although repayment is normally made over a 5- to 10-year period, your lender is not required to give you more than 5 years, and cannot give you more than 10 years, to repay. The amount of your monthly payment will depend upon your total outstanding balance. If you and your spouse both have a Stafford, PLUS/SLS, or Consolidation loan, your combined minimum payment must be at least $60 per month/$600 per year. For additional information on repayment terms, read the section "Repayment in Installments" in your Promissory Note.

Here are some estimated monthly payments on an 8% Stafford loan, with the maximum repayment term of 10 years.

Amount Borrowed	Estimated Monthly Payment
$ 5,000	$ 60
10,000	121
15,000	182
20,000	243
25,000	303

In certain situations, repayment may be delayed by a process known as forbearance. The Promissory Note lists those circumstances for which a forbearance may be granted by your lender.

Am I eligible to defer repayment?

After the repayment period begins, you may be eligible to defer principal payment in certain situations identified on your Loan Guarantee and Disclosure Statement. During a deferment period, interest continues to accrue on the loan. If you qualify for Federal interest benefits when you get the loan, the Federal government will also pay the interest during any deferment periods you may use. In order to receive a deferment, you must request it by completing a form obtained from your lender for this purpose, and provide your lender with all documentation required to establish your eligibility.

What if my loan is sold or serviced by another company?

Your lender has three options for handling your loan. They may:

- keep the loan and deal directly with you until the loan is paid in full;
- keep the loan, but hire a company (servicer) to deal directly with you on their behalf, until the loan is paid in full; or
- sell your loan to another lender or secondary market, which may hire a company (servicer) to deal directly with you until your loan is paid in full.

If your loan is sold or transferred to another company, keep in contact with the holder or servicer of the loan. You will be notified if your loan is sold or transferred. If this happens, follow the instructions you receive.

How do I avoid default?

When you complete the Application & Promissory Note, you are applying for a Stafford loan which **you must repay.** Do not borrow more than you need. Loans are obligations that must be repaid. You cannot ignore this responsibility. Even if you drop out of school, cannot find a job, or are dissatisfied with the education that you receive, you must still repay your educational loan debts that you incur while you are in school.

Remember, if you do not meet your obligation to repay your loan, you will be in default, and GHEAC will pursue collection of your loan to the full extent of the law. The consequences of default are serious. If you fail to repay your loan, you may:

- lose your Federal and/or State tax refund;
- be sued by GHEAC;
- damage your credit rating for other loans (credit cards, home, and automobile purchases);
- have to deal with a private collection agency;
- lose part of your wages or salary to pay your loan;
- be prevented from selling any land or personal property you own until the loan is repaid; and
- **lose your eligibility for further Federal financial aid.**

If you need more information on debt management, check with the Financial Aid Office at your school or contact GHEAC at the number on the back of this booklet.

CAUTION: The terms and conditions of a Stafford loan are subject to change at any time. To determine whether changes have recently been made in loan terms, loan maximums, interest rates, etc., you may wish to contact your lender, school Financial Aid Office, or GHEAC.

HOW TO COMPLETE THE APPLICATION & PROMISSORY NOTE

Read the entire booklet before completing the Application & Promissory Note. Type or print using ball point pen. Press firmly; you are making five copies.

SECTION I - BORROWER

ITEM 1: SOCIAL SECURITY NUMBER. Enter your social security number. Any application submitted without a Social Security Number will be returned.

ITEM 4: PERMANENT ADDRESS. Enter your permanent home address. Do not use a temporary school or military address. Use the standard two-letter abbreviation for your state (e.g., Georgia = GA).

ITEM 7: CITIZENSHIP STATUS. Check "A" if you are a U.S. Citizen or U.S. National. Check "B" and write in your Alien Registration Number if you are one of the following:

- U.S. permanent resident, and you have an Alien Registration Receipt Card (I-151 or I-551).
- other eligible non-citizen with a Department Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: (1) "Refugee," (2) "Asylum Granted," (3) "Indefinite Parole" and/or "Humanitarian Parole," or (4) "Cuban-Haitian Entrant."
- other eligible non-citizen with a Temporary Resident Card (I-688).

If you cannot check "A" or "B," you must check "C." If you are in the U.S. on an F1 or F2 student visa ONLY, a J1 or J2 exchange visitor visa ONLY, or a G series visa ONLY (pertaining to international organizations), you must check "C." If you check "C" see your Financial Aid Administrator.

ITEM 8: GSFA USE ONLY. Do not write anything in this section.

ITEM 9: DEFAULT STATUS. Check "yes" if you have ever defaulted on a Stafford Loan (formerly Guaranteed Student Loan), Federally Insured Student Loan (FISL), Perkins National Direct Student Loan (NDSL), PLUS/SLS Loan, Consolidation Loan or Income Contingent Loan. If you answer "Yes," you must write the details on a separate sheet and attach it to the application. If you have paid the defaulted loan in full, you must attach documentation.

ITEM 10: ENROLLMENT STATUS. Indicate your intended enrollment status during the loan period. If your enrollment status is less than half-time, you are not eligible for a loan.

ITEM 11: LOAN PERIOD. Enter the beginning and ending dates of the academic period you want this loan to cover. The academic period must be for continuous school terms and cannot exceed 12 months.

ITEM 12: ANTICIPATED GRADUATION DATE. Enter the date you expect to complete the program in which you are currently enrolled at the school in Section II. The date must not be earlier than the ending date of the loan period in ITEM 11.

ITEM 13: REQUESTED LOAN AMOUNT. Enter the minimum amount that you will need to pay your educational expenses.

ITEM 14: OTHER EDUCATIONAL LOANS. Check "Yes" if you have other educational loan debts, and enter the amount currently outstanding on those loans.

ITEM 15: INTEREST RATE. Enter the interest rate of your most recent Stafford loan if you have one. If your interest rate is 8% through the fourth year of your repayment period and 10% thereafter, enter 8/10. If you have never had a Stafford loan or if your previous Stafford loan is paid in full, enter NA in this section.

ITEM 16: REFERENCES. Give two separate names and addresses of adult relatives or friends who would know your whereabouts at all times. Enter a parent or guardian as one of the references. DO NOT LIST OTHER STUDENTS.

ITEM 17: LENDER CHOICE. Enter the name and address of the lender who will process this loan. If you do not complete this item, your school cannot send the application to your lender and will return it to you. If you are unable to locate a lender who is willing to make you the loan, contact GHEAC for assistance.

ITEM 18A: BORROWER SIGNATURE. Sign your full legal name on the Borrower line. USE A BALLPOINT PEN. Press firmly. You are signing several copies.

DO NOT MARK THROUGH, SCRATCH OUT OR ALTER THE PROMISSORY NOTE SECTION. IF YOU DO, YOU MUST COMPLETE A NEW APPLICATION.

ITEM 18B: ENDORSER. If your lender requires an endorser, the endorser must also sign the Promissory Note and complete the endorser information.

What do I do when I have completed the application?

- When you have completed the remaining items in Section I of a pre-printed application and if the school plans to send the form directly to your lender, keep Copy D for your records. Your lender will send Copy E to the endorser, if applicable.
- If you have completed a regular application, take or mail all copies to the school Financial Aid Office. If your school returns the form to you, keep Copy D for your records and

take or mail the remaining copies to your lender for processing.

WARNING: Do not attempt to complete Sections II or III. The application will not be processed if you have completed these sections.

SECTION III: LENDER

Review the Application & Promissory Note for completeness. Since the Promissory Note is a legal document, the required signatures must be present.

ITEM 33: LENDER CODE. Enter your assigned lender code number.

ITEM 34: LOAN AMOUNT APPROVED. Enter the loan amount you approve. That amount MUST be the lesser of the amount the borrower requests in ITEM 13, or the amount shown in ITEM 29, and may not exceed program maximums.

ITEM 35: DISBURSEMENT METHOD. If you wish to disburse the loan through the GHEAC Escrow Disbursement System (EDS), check "A." GHEAC will invoice you for the loan proceeds at the proper time. Check "B" if the loan is not to be disbursed through EDS. You must make each loan check payable to the borrower and send the check to the Financial Aid Office at the school named in Section II. If the borrower is attending a foreign school, send the check directly to him/her. The loan must be disbursed in accordance with the schedule provided by the school in ITEM 25.

ITEM 36: SIGNATURE. The form must be signed by an authorized lending official.

Mail Copy B to GHEAC for processing and guarantee. Retain Copy A, the original, for your files. Forward Copy E to the endorser, if applicable.

BORROWER'S RIGHTS AND RESPONSIBILITIES

NOTICE TO BORROWER: By signing the Stafford Application & Promissory Note, you are certifying that you have read and understand your following rights and responsibilities and that you understand that laws governing the Stafford Loan Program are subject to change from time to time.

Borrower's Rights

1. On or before the date this loan is disbursed, the lender must provide me with a copy of the completed Loan Guarantee and Disclosure Statement. The lender must return the original Application & Promissory Note ("Note") to me when I have paid the loan in full.
2. I am not required to provide security for this loan. My lender may require, however, that an endorser sign my note.
3. If I am willing but financially unable to make payments prescribed by my Repayment Schedule, I may request that the lender grant me forbearance:
   A. for a temporary period during which I make no payment;
   B. of an extension of time for making payments; or
   C. whereby I make smaller payments than were originally scheduled.

   The lender is not required to approve my request.

Borrower's Responsibilities

1. I must detach and retain the Borrower Copy (Copy D) of the Application & Promissory Note after completing it.
2. I must use care in choosing a school. Each school must provide a prospective student with information about the school and its programs. I should consider this information carefully before deciding to attend a specific school. I understand that the lender, GHEAC, and the U.S. Government do not vouch for and are not responsible for the quality of any participating school or its programs.
3. I understand that the proceeds of my loan may be used only for educational purposes to attend the school named and for the period indicated in Section II of my loan application, and that I may be prosecuted under the provisions of the U.S. Criminal Code if I use those funds for any other purpose.
4. I must notify my lender promptly, in writing, if any of the following events occur before the loan is repaid. If I:
   A. fail to enroll at least half-time in school for the period for which the loan was intended. In this event, I must repay the loan in full immediately;
   B. have a change in name; or
   C. have a change in address.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it asks to supply information:

1. The authority for collecting the requested information is Section 428(b)(2)(A) of the Higher Education Act of 1965, as amended (20 U.S.C. 1078(b)(2)(A)), and Part 2 of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia (O.C.G.A. 20-3-260 et. seq.), as amended. Applicants are advised that participation in the Stafford loan program is voluntary, but the requested information is necessary for participation in the Stafford program.
2. The principal purposes of this information are as follows: to verify the identity of the applicant; to determine program eligibility and benefits; to permit servicing of the loan; and, in the event it is necessary, to locate missing borrowers and collect on delinquent or defaulted loans.
3. The routine uses of this information include disclosure to

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Georgia
Student Finance Commission

STAFFORD LOAN APPLICATION AND PROMISSORY NOTE

Georgia Higher Education Assistance Corporation
2082 East Exchange Place, Suite 200 Tucker, GA 30084 (404) 493-5412

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment under the United States Criminal Code and U.S.C. 1097

1. Social Security Number
2. Last Name (Please Print) First (No Nicknames) MI
3. Birthdate (Mo. / Day / Yr.)
4. Permanent Home Address Apt. No.
5. Area Code and Phone No. for Item 4 City State Code Zip Code
6. Permanent Residence of State Code
7. U.S. Citizenship Status Alien Registration No.
A ___ U.S. Citizen Nationals B ___ Eligible Non-Citizen C ___ Neither A nor B
8. GSFA Use Only (Do Not Complete)
9. Have you ever defaulted on an educational loan? ___ Yes ___ No
10. Intended School Enrollment Status A ___ Full-Time B ___ At Least Half-Time
11. School Period for Which This Loan is Requested Date (Mo. / Yr.) From To (Mo. / Yr.)
12. Anticipated Graduation Date (Mo. / Yr.)
13. Do you have any outstanding educational loans? ___ Yes ___ No Unpaid Balance $ .00
14. What is the interest rate of your most recent Stafford loan? %
15. References. You must enter 2 complete references. See instructions before completing.

Name	Street, City, State and Zip Code	Area Code and Phone No.	Employer (Include City and State)
1.			
2.			

16A. Name of Lender Who Will Process This Loan
16B. Lender Address Street, City, State and Zip Code

PROMISSORY NOTE

I Promise To Pay: I, the undersigned borrower identified in ITEM 2 above, promise to pay to you, the lender or subsequent holder of the Promissory Note ("Note"), all of the principal sum of the loan amount I have requested in Section I ITEM 13 above, or the loan amount approved and identified to me and the lender on the Loan Guarantee and Disclosure Statement if different from the above amount, to the extent that it is advanced to me, plus interest and any other charges which may become due as provided in this Note.

The additional note terms and my Certification on this reverse side, together with my loan application, the Loan Guarantee and Disclosure Statement to be issued, any disbursement Statement issued, and each Repayment Schedule hereafter issued, are incorporated into and made a part of this Note. I certify that I have read and understand both sides hereof and that I agree to all terms of this Note. I acknowledge that I have requested an exact copy hereof, and that this Note is given under my hand and seal on the day and year shown below.

16A _____ (SEAL)
Borrower Signature (Mo. / Day / Yr.)
16B _____ (SEAL) Print Name
Endorser Signature (If applicable) (I have read the Notice to Endorser on reverse side.)
Endorser Address
Endorser SSN Endorser Phone ( )

NOTICE TO BORROWER: Terms of the Promissory Note continue on the reverse side.

SEE INSTRUCTIONS ON BACK OF SCHOOL COPY

17. School Name and Address (Include City, State and Zip Code)
22. Grade Level Code
23. Term Type Code
25. Estimated Cost of Attendance $ .00
24. Loan Period From (Mo. / Yr.) To (Mo. / Yr.)
27. Expected Family Contribution $ .00
25. Disbursement Schedule-Enter school term begin dates. Mo. Day Yr.
#1
#2
#3
#4
26. Estimated Financial Aid for Loan Period $ .00
29. Stafford Eligibility $ .00
30. Not Eligible for Federal Interest Benefits (Check if Item 29 = 0.)
18. School Code
21. Dependency Status A ___ Dependent B ___ Independent
31. I have read, understand, and agree to the "School Certification" printed on the reverse side of the school copy of this application.
Authorized School Official Signature
Print or Type Name and Title
Date

32. Lender Name and Address (Include City, State and Zip Code)
33. Lender Code
34. Loan Amount Approved $ .00
35. Loan proceeds will be transmitted by lender to: (Check one)
A ___ GHEAC as Escrow Disbursement Agent B ___ Financial Aid Office of School in Item 18
36. Authorized Lending Official Signature
Print or Type Name and Title
Date

GHEAC-1 (Rev. 2-90)

LENDER COPY A ORIGINAL NOTE

ADDITIONAL TERMS OF THE PROMISSORY NOTE

If I fail to pay any of these amounts when they are due, I will pay all charges and other costs, including attorney's fees that are permitted by law and regulations for the collections of these amounts. If this loan is referred for collection to an agency that is subject to the Fair Debt Collection Practices Act, I will pay those collection costs to the extent authorized under such Act.

III. Date Note Comes Due: This Note will come due and I will repay this loan in periodic installments, as set forth in Section V, beginning no later than the end of my grace period. My grace period is the continuous period of time that I will be allowed to not be enrolled at least half-time in an eligible school before I will be required by law to commence repayment of this loan. The length of my grace period will be identified on the Loan Guarantee and Disclosure Statement. During the grace period, I can request that my repayment period begin before my grace period ends.

III. Interest: I agree to pay an amount equivalent to simple interest as specified below on the unpaid principal balance from the date(s) of disbursement until the entire principal sum and accrued interest are paid in full. However, the Secretary will pay the interest that accrues on this loan prior to repayment status and during any deferment, if it is determined that I qualify to have such payments made on my behalf under the regulations governing the Stafford Loan Program to the event that the interest on this loan is payable by the Secretary, neither the lender nor other holder of this Note may attempt to collect this interest from me. I may, however, choose to pay this interest myself. The interest rate on this loan will be determined in accordance with Federal law at the time I sign my Note.

I understand that the interest rate on this Note will be determined according to the following: 1) if I have an outstanding Stafford loan on the date I sign this Note, the applicable interest rate will be the same as the applicable interest rate on the outstanding Stafford loan(s); 2) if I am borrowing for a period of enrollment that begins before July 1, 1998, and I have no outstanding Stafford loan(s), the applicable interest rate on this loan will be 8%; 3) if I am borrowing for a period of enrollment that begins on or after July 1, 1998, and I have no outstanding Stafford loan(s) but I do have an outstanding balance on any PLUS/SLS loan made for enrollment periods beginning before that date, (for the Consolidation Loan(s) that repaid loans made for enrollment period(s) beginning before that date, the applicable interest rate on this loan will be 8%); 4) if I am borrowing for a period of enrollment that begins on or after July 1, 1998, and I have no outstanding balance on any Stafford loan, PLUS, or SLS loan made for enrollment period(s) beginning before that date, the applicable interest rate on this loan will be fixed until the end of the fourth year of my repayment status and will be 10% beginning with the fifth year of my repayment status. The applicable interest rate will be identified in my Loan Guarantee and Disclosure Statement. I may also receive rebates of interest, if required by law when the applicable interest rate is 10%. The lender or other holder of the Note may add accrued unpaid interest to the unpaid principal balance (capitalize) from time to time in accordance with Federal regulations and the policies and procedures of GHEAC.

IV. Origination and Guarantee Fees: I will pay to you an origination fee not to exceed the percentage of the loan amount that is authorized by Federal law. You will deduct this fee proportionately from each disbursement of principal of this loan. I will also pay you an amount not exceeding the amount authorized by law, equal to the guarantee fee that you are required to pay to GHEAC for this loan. No part of the origination and guarantee fees paid in respect to this Note is refundable except as provided under Federal statute or regulations. The rate and amount of the origination and guarantee fees will be disclosed to me on the Loan Guarantee and Disclosure Statement.

V. Repayment: My repayment period will begin at the end of my grace period, even if I have not begun making installment payments by that date. I will repay the total amount due on this Note in periodic installments, with interest on the unpaid balance from the due date of this Note until the loan is paid in full, including fees, late charges and collection costs referred to in Section I. Payments will be made to the address that you identify to me. Unless otherwise provided by law at the time my repayment period begins, I will repay this loan over a repayment period that lasts at least 5 years but not more than 10 years, to be determined by you. However, the following exceptions to these rules apply: 1) if, during the grace period, I request a shorter repayment period, you may grant it; 2) You may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period I or if both my spouse and I have an outstanding Stafford, PLUS or SLS loan we pay toward principal and interest at least $600 or the unpaid balance of all such loans (plus interest), whichever is less, unless you and I agree to a lesser amount; and 3) if I qualify for postponement of my payments during any period described under Section X in this Note, or if you grant a forbearance, those periods will not be included in the 5- and 10-year periods mentioned above.

The particular terms and conditions of repayment that apply to this loan will be set forth in a separate document, known as the Repayment Schedule and Disclosure Statement ("Repayment Schedule"), that you will provide to me, normally just before the repayment period begins.

VI. Prepayment: I may at my option and without penalty prepay all or any part of the principal or accrued interest of this loan at any time. If I do so, I will be entitled to a rebate of any unearned interest that I have paid.

VII. Late Charges. If not prohibited by state law, you may collect a late charge from me if I fail to pay a required installment payment within 10 days after it is due. A late charge may not exceed 6% of each late installment.

VIII. Repayment by Department of Defense: Under certain circumstances, military personnel may have their loans repaid by the Secretary of Defense, in accordance with Section 902 of the Department of Defense Authorization Act, 1981 (P.L. 96-342, 10 U.S.C. 2141, note). Questions concerning the program should be addressed to the local recruiter. The program described is a recruiting program for the services involved and does not pertain to prior service by an individual or those not eligible for enlistment in the Armed Forces.

IX. Consolidation Loan Program: A Consolidation Loan Program is available under which I may be able to consolidate loans that I have received under the Stafford, PLUS/SLS, Perkins, and Health Professions Student Loan Programs. For further information, I may contact you or GHEAC.

X. Deferment: Once my repayment period has begun and you have issued a Repayment Schedule to me, I may be entitled by law in certain instances to defer making installment payments otherwise required by Section V in order to receive a deferment. I must request a deferment and provide you with all documentation required to establish my eligibility. I understand that I must notify you when the condition entitling me to the deferment no longer exists. Those instances when I may defer making payments are described on the Loan Guarantee and Disclosure Statement.

XI. Forbearance: If, due to financial hardship, I am not able to make any payment(s) when due, I can request and you may, at your option, agree to modify my payment terms by granting a period of forbearance of payments or by waiving a new Repayment Schedule to me. I will pay interest that accrues during any period of forbearance or extension of payments. You may collect forbearance interest from me on a periodic basis or add that interest to the unpaid principal balance of this loan.

I am eligible for a forbearance granted in renewable 12-month intervals, by you or a subsequent holder of this Note if I am serving in a medical internship/residency program and if I have already received the maximum two-year internship deferment as provided under Federal law. In order to receive this forbearance and any subsequent renewals, I must request it in writing. The terms of my forbearance agreement will otherwise be consistent with the provisions set forth in Federal and State law, regulations, and the written guidelines of GHEAC.

XII. Acceleration: I will pay the entire unpaid balance and accrued interest of this Note, on demand, in full immediately with interest from disbursement, if: 1) I do not enroll at and attend the school that certified this application for the academic period intended; 2) the loan evidenced by this Note was made by you or guaranteed by GHEAC in error or in reliance upon any material omission or false statement made by me in connection with my application for this loan; or 3) I default on this loan as set forth in Section XIII.

XIII. Default: "Default" means my failure to make an installment payment when due, or to meet other terms of the Note under circumstances where the Secretary of GHEAC find it reasonable to conclude that I no longer intend to honor the obligation to repay, provided that this failure persists for: 1) 180 days for a loan repayable in monthly installments, or 2) 240 days for a loan repayable in less frequent installments. If I default on this loan: 1) you may declare the entire unpaid amount of the loan, including interest, immediately due and payable; 2) you, the holder, or GHEAC may declare my schools ineligible if I am currently attending; the information about the default; 3) I will be ineligible to receive assistance from any of the following Federal programs: Pell Grant, Byrd Scholarship, Paul Douglas Teacher Scholarship, Supplemental Educational Opportunity Grant, College Work Study, State Student Incentive Grant, or Perkins, Stafford, PLUS/SLS, Consolidation, or Income Contingent Loans.

XIV. Credit Bureau Notification: Information concerning the amount of this loan and its repayment will be reported to a national credit bureau. If I default on the loan, you, the holder, or GHEAC will also report the default to a national credit bureau. This may significantly and adversely affect my ability to obtain other credit. You, the holder, or GHEAC must notify me at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless I enter into repayment on the loan within 30 days. You must provide a timely response to a request from any credit bureau organization regarding objections I might raise with that organization about the accuracy and completeness of information reported about me.

XV. Transfer of Loan to Subsequent Holder: Under the conditions set forth in Federal and State regulations governing the Stafford Loan Program, this loan may be transferred to a holder other than the original lender. If such a transfer takes place, I must be sent a notification that clearly explains my obligations to the party to whom the loan was sold or such right was transferred, and I will have the same rights and responsibilities with regard to the original lender. This Note is not intended to be a negotiable instrument under the Uniform Commercial Code as adopted by any state and a subsequent holder of the Note cannot be a holder in due course.

XVI. Additional Agreements: I agree that:

1. I will notify you, in writing of any change in my name or address as soon as it occurs.
2. You may send any notice by first class mail to the latest address you may have for me. Unless required by law, you need not give a separate notice to the endorser, if any.
3. If GHEAC is required under its guarantee to repay my loan(s) because I have defaulted, GHEAC will become the owner of this Note and as my creditor will have all the rights of the original lender to enforce this Note against me.
4. If I die or become totally and permanently disabled, the unpaid principal and interest of this loan will be cancelled.
5. This Note is subject to the provisions of the Higher Education Act of 1965, as amended from time to time and the regulations issued thereunder. However, in civil actions on this Note with regard to an element of a claim or defense as to which state law supplies the rule or decision, this Note shall be governed by the laws of the State of Georgia.
6. Any modification or additions to this agreement not otherwise provided for and agreed to herein, shall be in writing and signed by the parties.
7. Failure of the holder to enforce any provision of this Note shall not constitute a waiver of any right with regard to such provision.
8. This loan will be disbursed by check requiring my endorsement at the time and in the manner authorized by law. I understand that the proceeds of this loan will be sent to the school that certified my loan application for delivery to me. If I am attending a foreign school, my loan proceeds will be sent directly to me.
9. If this Note is signed by an endorser the endorser is secondarily liable to the lender for payment of this Note and you must first attempt collection from the borrower before attempting collection from the endorser.
10. In this Note and in the Borrower Certification, the words "I," "me," and "my" mean the above signed borrower. I further identified in Section I of my loan application; the words "you" and "your" mean the lender identified above and any other eligible owner of the Note; and the word "law" when used herein in the singular tense, means Title IV, Part B of the Federal Higher Education Act of 1965, as amended, and Part 2 of Article 7 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated, (O.C.G.A. 20-3-260 et seq.), as amended and regulations, policies and procedures issued by the U.S. Secretary of Education ("Secretary") and GHEAC.
11. When describing loan programs in this Note, the following definitions apply: a) a Stafford loan is formerly a "GSL" or Guaranteed Student Loan"; b) an "SLS" loan is a Supplemental Loans for Students loan and is formerly an ALAS loan; and c) a Perkins Loan is formerly a National Direct Student Loan.

NOTICE TO ENDORSER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to and that you want to accept this responsibility. You are secondarily liable for payment of this Note in accordance with its terms and the creditor can collect this debt from you after first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record. This notice is not the contract that makes you liable for the debt. You acknowledge by your signature on the reverse side, that you have read and received a copy of this notice.

BORROWER CERTIFICATION

I, the borrower, declare under penalty of perjury that the following is true and correct, and certify: 1) the information contained in Section I of this application is true, complete, and correct to the best of my knowledge and belief; 2) the proceeds of any loan made as a result of this application will be used for educational purposes for the loan period covered by this application at the school that certified this application, and I understand that I must immediately report any funds to you (the lender defined in my Note) that I receive that cannot reasonably be attributed to meeting my educational expenses related to attendance at that school for the stated loan period covered; 3) the total amount of loans received under the Stafford Loan Program will not exceed allowable maximums; 4) I am not liable for a refund on a Pell, Supplemental Educational Opportunity, State Student Incentive, Paul Douglas Teacher Scholarship; or Byrd Scholarship Grant; and 5) I am not in default on any Perkins, Federally insured Student, PLUS, Supplemental Loans for Students, Consolidation, Income Contingent or Stafford Loan. I authorize: 1) the school to pay to you any refund that may be due me up to the amount of this loan; 2) any school that I may attend or have attended and GHEAC to release to you, subsequent holder, GHEAC, U.S. Department of Education, or their agents any requested information pertinent to this loan; 3) you or GHEAC as Escrow Agent to issue a check covering the proceeds of my loan, in full, or in part, made payable to me, or at the lender's option, jointly payable to me and the school, and vent to the school (unless I am attending a foreign school, in which case the check will be sent directly to me); 4) you or GHEAC, as Escrow Agent to electronically transmit my loan proceeds to the school that certified this loan application, thereby waiving receipt of a check(s) to me, and 5) references listed in this application to furnish you and GHEAC information at any future date as to my location, address, phone number, and place of employment. I have read and understand the [illegible] and the Borrower's Rights and Responsibilities in the booklet.

Federal, State, or local government agencies; to private parties such as relatives, present and former employers, business and personal associates; to guarantee agencies; to educational and financial institutions; and to credit bureaus, collection agencies, and agency contractors in order to verify the identity of the applicant, determine program eligibility and benefits, permit servicing or collecting of the loan, enforce terms and conditions of the loan, counsel the borrower in repayment efforts, investigate possible fraud, verify compliance with program regulations, and locate a delinquent or defaulted borrower.

RIGHT TO FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in connection with the administration of the Stafford program.

CRIMINAL PENALTIES (20 U.S.C. 1097a)

Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or insured under this part shall be fined not more than $10,000 or imprisoned for not more than five years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement, or forgery does not exceed $200, the fine shall not be more than $1,000 and imprisonment shall not exceed one year, or both.

EQUAL CREDIT OPPORTUNITY ACT

The Federal Equal Credit Opportunity Act (15 U.S.C. 1691 et. seq.) prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided that the applicant has the capability to enter into a binding contract); or because all or a part of the applicant's income derives from any public assistance program; or because the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act. During the course of the application process, your lender will, upon request, inform you of the proper body that regulates the lender.

GEORGIA HIGHER EDUCATION ASSISTANCE CORPORATION
2082 E. EXCHANGE PLACE, SUITE 200
TUCKER, GEORGIA 30084
(404) 493-5412

GHEAC-1 (Rev. 2/90)

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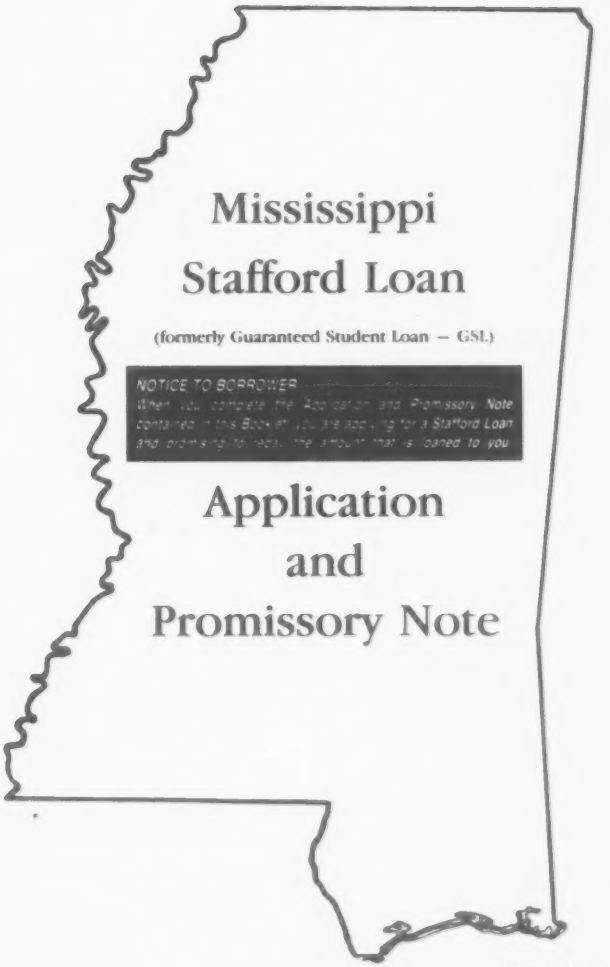

Mississippi Stafford Loan

(formerly Guaranteed Student Loan – GSL)

NOTICE TO BORROWER
When you complete the Application and Promissory Note contained in this Booklet you are applying for a Stafford Loan and promising to repay the amount that is loaned to you.

Application and Promissory Note

MISSISSIPPI GUARANTEE STUDENT LOAN AGENCY

Board of Trustees of State Institutions of Higher Learning

Instructions for MISSISSIPPI STAFFORD LOAN APPLICATION AND PROMISSORY NOTE

GENERAL INFORMATION

The Mississippi Guarantee Student Loan Agency (MGSLA) is under the governance of the Board of Trustees of State Institutions of Higher Learning. The MGSLA was created to guarantee student loans made by Mississippi lenders for qualified students in need of funds to pursue a postsecondary education. Submission of this Stafford Loan Application and Promissory Note in no way assures the student of receiving a student loan. The school must certify the student's eligibility for the loan. The student must submit the completed Application to an eligible lender. Students are encouraged to first inquire for loan approval at lending institutions with which the student (or parents/spouse) has a customer relationship.

You should use care in choosing an educational institution and determining your ability to benefit from the education it offers. The institution is required by Federal law and regulation to make available accurate general information regarding its academic programs, admission policies and requirements, financial aid programs and policies, refund policies, as well as other relevant matters.

You should investigate the availability of other forms of financial aid with the school's Financial Aid Administrator. It is to your benefit to determine your eligibility for grants, work-study and other sources of assistance before applying for a student loan.

STUDENT ELIGIBILITY (PLEASE READ CAREFULLY)

You will be eligible for a Mississippi Stafford Loan if you meet the following requirements:

1. Be enrolled or accepted for enrollment in a degree or certificate program at an institution participating in the Mississippi Stafford Loan Program. If you are enrolled or accepted for enrollment in a foreign school, you must be a national of the United States.
2. Be enrolled as at least a half-time student.
3. Be making satisfactory academic progress as determined by the educational institution.
4. Be a citizen/national of the United States or be a permanent resident with a proper visa.
5. Not be in default on any educational loan authorized under Title IV of the Higher Education Act of 1965, as amended, or owe a refund on a Title IV grant.
6. Have not exceeded any of the loan limitations of the program.
7. Have demonstrated need through a need analysis system processed by the school you plan to attend.
8. Have your eligibility for a Pell Grant determined by the school you plan to attend.
9. Meet other eligibility criteria as may be specified by your lender.

LOAN LIMITATIONS

Students may not borrow more than their estimated cost of attendance minus any estimated financial assistance they receive from other programs minus any expected family contribution, not to exceed the statutory loan limits. The following statutory loan limits apply:

A. A student whom the school determines has not successfully completed the first 2 years of an undergraduate program, may borrow up to $2,625 per academic year.

B. A student whom the school determines has successfully completed the first 2 years of an undergraduate program but who has not successfully completed the undergraduate program, may borrow up to $4,000 per academic year.

C. Graduate/professional students may borrow up to $7,500 per academic year.

A student may borrow up to an aggregate maximum amount of $17,250 if the student is enrolled in a program of undergraduate education. A graduate/professional student may borrow up to an aggregate maximum amount of $54,750 including loans received for study at the undergraduate level through the Stafford Loan Program.

The actual amount, up to the maximums, is limited to the amount the lender approves. These maximums apply to the entire Stafford Loan Program. The aggregate limits include the portion of any Consolidation Loan the student received to repay a Stafford Loan and/or a Federal Insured Student Loan. The MGSLA recommends that a student return annually to the same lender to obtain his/her Stafford Loan; however, if the student has received loans from more than one lender, he/she is responsible for ensuring that each lender is aware of all previous loans. The MGSLA also recommends that a student never borrow more than is necessary to meet school expenses.

LOAN AMOUNT DETERMINATION

For subsidized loans, in no case can the amount of the loan approved exceed the estimated cost of attendance minus the estimated financial assistance from other sources minus any expected family contribution.

A. Estimated Cost of Attendance — The estimated cost of attendance used by the school may include tuition and fees applicable to the student, together with the school's estimate of other expenses reasonably related to the cost of attendance, including but not limited to, the cost of room and board, reasonable transportation costs, and costs for books and supplies.

B. Estimated Financial Assistance — This is the estimated amount of assistance that a student has been or will be awarded during the period of enrollment for which the loan is sought from Federal, State, institutional or other scholarship, grant, work or loan programs, including but not limited to Social Security benefits, Veterans

educational benefits, Selected Reserve Educational Assistance Program benefits and Reserve Officer Training Corps (ROTC) benefits.

C. Expected Family Contribution — A need analysis system approved by the United States Department of Education must be used to determine a student's expected family contribution, **regardless of income**. The student should contact the school for a need analysis form.

The Stafford Loan amount awarded to a student will be the lesser of (1) the program limits, (2) the student's unmet need, (3) the amount the lender approves or (4) the amount requested by the student.

PROCEDURES FOR OBTAINING A STAFFORD LOAN IN MISSISSIPPI

1. Complete Section I (after reading all instructional items) of the attached Application and submit it to the Financial Aid Office at your school.
2. The Financial Aid Administrator completes Section II, retains the school copy and returns the remaining copies to you.
3. Submit the remaining copies to your lending institution.
4. The lending institution completes Section III, retains the lender and student copies and forwards the remaining copy to the MGSLA.
5. The MGSLA processes the Application and Promissory Note. If all eligibility requirements are met, the MGSLA issues a Notice of Loan Guarantee and Disclosure Statement (Disclosure Statement) which will be provided to you by the lender. The Disclosure Statement will reflect the scheduled date(s) of disbursement, disbursement amount(s) and other pertinent loan information.
6. The lender will send your Stafford Loan check to your school for delivery to you.

IMPORTANT

Laws and Regulations governing the program or the lender's policies may change after you complete this Application and Promissory Note. These changes will appear on your Disclosure Statement. IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION ON YOUR DISCLOSURE STATEMENT OR IF YOU WANT TO CANCEL THE LOAN, CONTACT YOUR LENDER BEFORE YOU SIGN YOUR LOAN CHECK.

INTEREST RATE

1. On a Stafford Loan for a borrower who, on the date the Application and Promissory Note is signed, does not have an outstanding balance on a previous Stafford Loan, SLS, PLUS Loan or Consolidation Loan, the applicable interest rate is 8%, increasing to 10% beginning with the 5th year of repayment.
2. On a Stafford Loan for a borrower who, on the date the Application and Promissory Note is signed, has an outstanding balance on a previous Stafford Loan, the applicable interest rate is the interest rate on any previous loan (7%, 9%, 8%, or 8%/10%).

The exact interest rate for your Stafford Loan will be shown on your Disclosure Statement.

GUARANTEE FEE

In addition to the simple interest and in return for the MGSLA guarantee of your loan, you are required to pay a one-time guarantee fee for each loan. The exact rate and amount of this fee will be shown on your Disclosure Statement. The lender will deduct this amount from your loan at the time of disbursement. If a loan is multiply disbursed, the fee will be deducted proportionately from each disbursement of the loan proceeds.

ORIGINATION FEE

All students are assessed a one-time origination fee for each loan as specified by law. The lender will deduct this amount from the loan proceeds at the time of each disbursement. The exact rate and amount of this fee will be shown on your Disclosure Statement.

LOAN REPAYMENT PROVISIONS

Prior to expiration of the grace period, no repayment of your loan is required while you are in school on at least a half-time basis. YOU MUST CONTACT YOUR LENDER WITHIN 30 DAYS AFTER YOU CEASE ATTENDING SCHOOL AT LEAST HALF-TIME TO ESTABLISH A REPAYMENT SCHEDULE FOR YOUR LOAN. You will repay this loan over a period that generally lasts at least 5 years but no more than 10 years. However, the following exceptions to this rule apply:

- If, during the grace period, you request a shorter repayment period, the lender may grant you a shorter period.
- The lender may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period you or, if both your spouse and you have Stafford Loans, SLS or PLUS Loans outstanding, you and your spouse pay toward principal and interest at least $600 or the unpaid balance of all such loans (including interest), whichever is less.
- If you qualify for postponement of your payments during any period described under DEFERMENT in this Promissory Note, or if the lender grants "forbearance", those periods will not be included in the 5- and 10-year periods mentioned above.

The particular terms and conditions of repayment that apply to this loan will be set forth in a separate document, known as the "Repayment Schedule," that the lender will provide to you, normally just before the repayment period begins.

Students who qualify for a 7% loan will receive a 9-12 month grace period, while those who qualify for a 9%, 8%, or 8%/10% loan will receive a 6 month grace period. The exact grace period will be shown on your Disclosure Statement.

Interest accrues from the date of disbursement of the loan proceeds. If you are eligible for interest subsidy, the Department of Education will pay the lender the interest that is due during the time you are enrolled at least half-time in an eligible institution, including the 6 or 9-12 month grace period before repayment begins and during any period of authorized deferment.

PLEASE NOTE

1. Do not detach any pages of the Application and Promissory Note. However, you should keep these information/instruction sheets.
2. Refer to the STUDENT BORROWER INSTRUCTIONS and complete Section I of the Application and Promissory Note using a typewriter or ball point pen. **(PLEASE PRESS HARD IF YOU USE A BALL POINT PEN.)** Incomplete applications will not be processed.
3. Review each copy of the Application and Promissory Note to ensure that all information is legible.
4. Read carefully the (1) Privacy Act Notice, (2) Right to Financial Privacy Act Notice, (3) Equal Credit Opportunity Act Notice, (4) Criminal Penalties and (5) Notice which are printed in this document.

SECTION I: STUDENT BORROWER INSTRUCTIONS
(TYPE OR PRINT USING A BALL POINT PEN)

Read the instructions carefully before completing Section I. The instructions below correspond to the items in Section I.

Item 1— Enter your social security number. Read the Privacy Act Notice before completing this item.

Item 2— Enter your legal name. Include Jr., III, etc. after last name. Do **not** use nicknames.

Item 3— Provide your date of birth: use numbers (e.g., 01/10/70 for January 10, 1970).

Item 4— Enter your permanent home address with Street number and name, RFD, P.O. Box, or General Delivery. City, State and Zip Code as appropriate. A **temporary** military or school address **is not** acceptable.

Item 5— Enter your permanent home area code and phone number.

Item 6— Enter the two-letter abbreviation for your state of legal residence.

Item 7— U.S. Citizenship Status

Check Citizen/National if you are a U.S. Citizen or a U.S. National (citizen of American Samoa).

Check eligible non-citizen if you are a U.S. permanent resident and you have an Alien Registration Receipt Card (I-151 or I-551), or you have a Departure Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: (1) "Refugee," (2) "Asylum Granted," (3) "Indefinite Parole" and/or "Humanitarian Parole," (4) "Cuban-Haitian Entrant." You will be required to submit proof of status prior to approval. See your Financial Aid Administrator. If neither "a" nor "b," check "c."

Item 8— Enter your driver's license number and state of issue.

Item 9— Enter the minimum amount necessary to meet your educational costs that are not met from other sources.

Item 10— Enter the total unpaid principal balance of all your Stafford Loans (formerly Guaranteed Student Loans - GSL) and Federal Insured Student Loans (FISL). You must also include any Stafford Loan or FISL which has been consolidated under the Consolidation Loan Program.

Item 11a— Enter the unpaid principal balance of your most recent Stafford Loan, providing the interest rate and the loan period. Do not include this loan.

Item 11b— Check the appropriate box. (Note - the loans must be in your name as the borrower.)

Item 12— Enter the code number of the lender who will process this loan. (see section below entitled Lender Code List.) If you do not know the lender who will process this loan, leave blank.

Item 13— Enter the appropriate code number below to complete this item:

Agriculture	1	Education	9
Architecture	2	Engineering	10
Art	3	Health Professions	11
Biological Sciences	4	Liberal Arts	12
Business/Commerce	5	Physical Science	13
Communication	6	Social Science	14
Community Services	7	Trade/Industry	15
Computer Science	8	Technical	16
		Other	17

Item 14— Check the box to indicate whether you expect to be a full-time or a half-time student. You must be enrolled at least half-time to be eligible for this loan.

Item 15— Indicate the starting and ending dates for which this loan is to be used.

Item 16— You must indicate if you have ever defaulted on a Stafford Loan (formerly Guaranteed Student Loan), Federal Insured Student Loan (FISL), Perkins/National Direct Student Loan (NDSL), PLUS Loan, Supplemental Loans for Students (SLS), Consolidation Loan, or Income Contingent Loan. Default means your loan was purchased from the lender by the guarantor and you now owe the money to the guarantor. If you check "YES," you must indicate on a separate sheet the lender's name, the guarantor's name, the academic periods for which the loan(s) was obtained, the amount(s) still owed and the circumstances of the default. You must check "Yes" even if the loan has been repaid or arrangements have been made.

Item 17a— If married, provide the name of your spouse.

Item 17b— If married, provide the social security number of your spouse.

Item 18— THREE DIFFERENT NAMES AND THREE DIFFERENT ADDRESSES MUST BE REPORTED IN THIS ITEM. In the first box list the name and address of your parent or legal guardian. If your parents are deceased, list your guardian or other appropriate adult. If your parents are not living together, list your other parent in the second box. List in boxes 2 and 3 other adult relatives or friends (currently living in the U.S.) who will know your whereabouts at all times. Do not list your spouse or fellow students as references.

Item 19— **You must read the PROMISSORY NOTE and the BORROWER CERTIFICATION printed on the reverse side of your Application, then sign and date your Application and Promissory Note. Sign your name as reported in Item 2.**

Item 20— DO NOT COMPLETE. SEE YOUR LENDER.

IMPORTANT: PLEASE NOTE

Submit all copies of your completed Application and Promissory Note to the Financial Aid Office of the school you are attending or plan to attend, if Section II has not been completed.

Your school will require additional information not included on this Application and Promissory Note. Please follow their instructions carefully.

STATE OF MISSISSIPPI

The lenders listed below may have branches in other cities or towns which accept the loan applications.
Lender participation in this loan program is subject to change. Check with the lender or the MGSLS.

Lender Code List

Code	Name	City
826846	Bank of Bentor	Bentor
827807	Bank of Forest	Forest
826620	Bank of Lucedale	Lucedale
826627	Bank of Mississippi	Tupelo
826623	Bank of Morton	Morton
826851	Bank of New Albany	New Albany
826567	Bank of Philadelphia	Philadelphia
829272	Bank of Simpson County	Mageo
826619	Bank of Wiggins	Wiggins
826810	Batesville Security Bank	Batesville
826647	Carthage Bank	Carthage
826567	Citizens Bank and Trust Company	Marks
826643	Citizens Bank of Philadelphia	Philadelphia
826658	Cleveland State Bank	Cleveland
826799	Commercial Bank	DeKalb
826607	Covington County Bank	Collins
831105	Deposit Guaranty National Bank	Jackson
827042	Dixie National Life Insurance Company	Jackson
826827	First Bank	Magnolia
831107	First Columbus National Bank	Columbus
826608	First Federal Bank for Savings	Columbus
827609	First Federal Savings and Loan Association of Greenwood	Greenwood
826672	First National Bank of Clarksdale	Clarksdale
826814	First National Bank of Lucedale	Lucedale
826661	First National Bank of New Albany	New Albany
826662	First National Bank of Oxford	Oxford
826668	First National Bank of Picayune	Picayune
831109	First National Bank of Ruleville	Ruleville
826675	First National Bank of Vicksburg	Vicksburg
831694	First National Bank of Wiggins	Wiggins
826849	First State Bank	Hollly Springs
831575	Local Southern National Bank	Quitman
826643	Gulfport VA Federal Credit Union	Gulfport
826609	Hancock Bank	Gulfport
829612	Lake Guaranty Bank	Jake
831673	Jackson USA Federal Credit Union	Jackson
826695	Kemper Federal Credit Union	Dekalb
827951	MLC Employees Federal Credit Union	Yazoo City
831770	MSNCU Federal Credit Union	Jackson
827741	Magnolia Federal Bank	Hattiesburg
826700	Merchants and Farmers Bank	Kosciusko
826701	Merchants and Farmers Bank	Macon
826710	Merchants and Manufacturers Bank	Laurel
826711	Merchants National Bank	Vicksburg
827910	Millsaps College	Jackson
826862	Mississippi Post Secondary Education Financial Assistance Board	Jackson
826719	National Bank of Commerce	Carroll
826722	National Bank of Commerce of Mississippi	Starkville
826720	Newton County Bank	Newton
826721	Old South Federal Credit Union	Natchez
826729	Peoples Bank of the Delta	Indianola
826644	Perry County Bank	New Augusta
826595	Planters Bank and Trust Company	Indianola
826827	Ruleton Bank and Trust Company	Ruleton
826755	Security Bank of Amory	Amory
826695	Senatobia Bank	Senatobia
821598	Smith County Bank	Taylorsville
826759	State Bank and Trust Company	Brookhaven
826761	State Bank and Trust Company	Collins
827908	Southern Bank	Grenada
826726	The Peoples Bank	Ripley
826724	The Peoples Bank and Trust Company	Tupelo
815721	Trustmark National Bank	Jackson
826736	Unibank Banking Corporation	Columbus
826616	United Southern Bank	Clarksville

PLEASE TYPE OR PRINT CLEARLY WITH A BALL POINT PEN (PRESS HARD IF YOU USE A PEN)

MISSISSIPPI GUARANTEE STUDENT LOAN AGENCY
Board of Trustees of State Institutions of Higher Learning
STAFFORD LOAN APPLICATION AND PROMISSORY NOTE

WARNING: ANY PERSON WHO KNOWINGLY MAKES A FALSE STATEMENT OR MISREPRESENTATION ON THIS FORM IS SUBJECT TO PENALTIES WHICH MAY INCLUDE FINES OR IMPRISONMENT UNDER THE UNITED STATES CRIMINAL CODE AND 20 U.S.C. 1097.

SECTION I - TO BE COMPLETED BY THE STUDENT BORROWER - PLEASE READ THE INSTRUCTIONS CAREFULLY

1. Social Security Number
2. Name (Last) (First) (Middle / Maiden)
3. Birth Date Mo. Day Yr.
4. Permanent Address: Street
5. Area Code / Phone No.
City or Town
State
Zip Code
6. State of Legal Residence
7. U.S. Citizenship Status: (a) U.S. Citizen / National; (b) Eligible Non-Citizen (See Inst.); (c) Neither (a) nor (b)
Alien Registration I-D No.
8. Driver's License Number / State of Issue
9. REQUESTED LOAN AMOUNT $
10. The unpaid principal balance of all my Stafford Loans (formerly GSL) and/or Federal Insured Student Loans (FISL's), including any Stafford Loan or FISL which are a part of a Consolidation Loan, is $
11a. The unpaid balance on my most recent Stafford Loan is $ (not including this loan) at ____ % interest rate covering the loan period of Mo. Yr. To Mo. Yr.
11b. The date of my oldest Stafford, PLUS, SLS or Consolidation Loan was made prior to 7/1/87: Yes / No
12. Lender Code who will process this loan (See Instructions)
Code
13. Major Course of Study
Code
14. Intended Enrollment Status (To be eligible a student must be enrolled half-time or more): 1. Full Time 2. At Least Half Time
15. Loan Period: From Mo. Yr. To Mo. Yr.
16. Have you ever defaulted on an educational loan? No / Yes (See instructions)
17a. (If married) Name of Spouse
17b. Social Security Number

18. **References:** You must provide 3 adult references with different addresses. Do not list spouses or students.

4. Parent / Guardian	5. Adult Relative	6. Adult Reference
Address:	Address:	Address:
City, State, Zip:	City, State, Zip:	City, State, Zip:
Phone: ( )	Phone: ( )	Phone: ( )
Relationship to Borrower:	Relationship to Borrower:	Relationship to Borrower:
Employer:	Employer:	Employer:

PROMISSORY NOTE FOR A STAFFORD LOAN

A. PROMISE TO PAY: In this Note, the words "I, Me and My" mean the borrower who signs this Note. You, Your and Yours mean the lender or any holder of this Note. I, the undersigned, promise to pay to you or your order when due this Note, which comes due as set forth in Paragraph E, the principal sum of the lesser of the amounts shown in Section I, Item 9 or Section II, Item 37 to the extent it is advanced to me with interest at the rate stated in the Disclosure Statement. If I fail to pay any amounts when they are due, I will also pay all charges and other costs as described under COLLECTION COSTS, Paragraph G in this Note. I UNDERSTAND THAT THIS IS A PROMISSORY NOTE. I WILL NOT SIGN IT BEFORE I READ IT, INCLUDING THE WRITING ON THE REVERSE SIDE, EVEN IF OTHERWISE ADVISED. I AM ENTITLED TO AN EXACT COPY OF THE DISCLOSURE STATEMENT TO BE ISSUED TO ME BEFORE I ACCEPT MY LOAN CHECK.

(Terms continue on reverse side)

BY SIGNING THIS NOTE, I CERTIFY THAT I HAVE READ, UNDERSTAND AND AGREE TO THE BORROWER CERTIFICATION PRINTED ON THE REVERSE SIDE OF THIS APPLICATION AND PROMISSORY NOTE.

19. Borrower's Signature ____ Date

SECTION II - TO BE COMPLETED BY THE SCHOOL / FINANCIAL AID OFFICE

21. Name of Educational Institution
22a. School Code
22b. OSDE Branch Code
23a. Mailing Address (Street, Box, City, State, Zip)
23b. Area Code / Phone No.
24. Adjusted Gross Income $
25. Estimated Cost of Attendance $
26. Estimated Financial Assistance $
27. Expected Family Contribution $
28. ELIGIBLE LOAN AMOUNT (Item 25 less Items 26 and 27, not to exceed statutory limits) $
29. Borrower's Grade Level
30. Period of Loan: From Mo. Day Yr. To Mo. Day Yr.
31. Anticipated Graduation Date Mo. Day Yr.
32. Disbursement Schedule (See Instructions): Mo. Day Yr.
#1
#2
#3
#4
33. Student Status: 1. Dependent 2. Independent
34. My signature certifies that I have read and agree to the SCHOOL CERTIFICATION printed on the reverse side of this Application and Promissory Note. Signature of Official / Type or Print Name and Title
35. Date

SECTION III - TO BE COMPLETED BY THE LENDER

36a. Name of Lending Institution
37. TOTAL AMOUNT LENDER APPROVES $
36b. Address
38. Signature of Authorized Lending Official
City
State
Zip Code
Print or Type Name and Title
39. Area Code / Phone No.
40a. Lender Code
40b. Branch Code
41. Date

REV. 9/91

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ATTENTION LENDER: UPON COMPLETION, MAIL THE MGSLA COPY ONLY TO: MGSLA, P.O. BOX 53435, JACKSONVILLE, FL 32201

MGSLA FORM 0162

LENDER COPY

PROMISSORY NOTE (continued)

6. DATE NOTE BECOMES DUE. I will repay this loan in monthly installments during a repayment period that will begin no later than the day after the last day of my grace period. My grace period is that period of time which begins when I cease to be enrolled as at least a half-time student at a school that participates in the Stafford Loan Program and ends when the repayment period begins. During my grace period, however, I may request, in writing, that my repayment period begin on an earlier date.

C. INTEREST. I agree to pay an amount equivalent to simple interest on the unpaid balance of my loan from the date it is advanced to me until it is paid in full except for any interest the United States Government will pay for me which you will not attempt to collect from me. I may, however, choose to pay this interest myself. The applicable interest rate on my loan will be the same as the applicable interest rate on my other Stafford Loans, if any, and if any of those loans are still outstanding and have an interest rate of 7%, 8% or 9% (or 8%-10%), if I have no outstanding balance on any Stafford Loan, SLS, PLUS Loan or Consolidation Loan, or the unamortized of existing loans has not been determined, the interest rate of 9% will apply through the 4th year of repayment and increases to 10% for the remainder of the repayment period. My Disclosure Statement will identify the specific interest rate applicable for my loan. When this Note becomes due, I will either pay you the total interest due from me or such interest will be added to the total owed and to be repaid, with interest, in installments. All payments will be made to your address as indicated on my Disclosure Statement, or to any other address which you promise to me.

D. GUARANTEE ORGANIZATION FEES. I will pay you a guarantee fee which you will forward to the Mississippi Guarantee Student Loan Agency (MSGLA) for its guarantee of this loan. I will also pay you an origination fee up to the maximum amount authorized by Federal law. My Disclosure Statement will indicate the exact amounts and rates of these fees. You will withhold these loan proceeds from each disbursement amount as indicated on my Disclosure Statement if any disbursement check is returned uncashed to you or if the disbursement check is not cashed within 120 days of the check date or if I cash the check and repay the disbursed amount in full within 120 days of the check date, this guarantee fee and the origination fee will be credited to my balance.

E. DISBURSEMENT. Each disbursement check must be payable either to me or, with my written authorization, to me and the school. The disbursement check will require my endorsement. By signing this Note, I am authorizing you, in writing, to release the disbursement check as payable to me and the school or your option. I understand that the proceeds of this loan will be sent to the school for delivery to me and may be multiple, disbursed in accordance with the MSGLA and Federal Regulations.

F. SHOULD LOAN DUE. Any other provisions of this Note notwithstanding, I will be in breach of this agreement and you will have the right to give me notice that the whole outstanding principal balance including any unpaid interest I owe is due and payable at once (subject to any law which gives me the right to cure such breach) if: (1) I make any materially false written statement in applying for this loan or for an extension or forbearance on this loan; (2) I breach any of my other promises under this agreement or (3) after I receive my loan proceeds I fail to enroll for the period covered by this loan at the school listed on this Application and Promissory Note for at least one-half of the normal full-time academic workload required by the school.

G. LATE CHARGES-COLLECTION COSTS. If all or part of a required installment payment has not reached you within 10 days after it is due or if I fail to provide written evidence that enables my eligibility to have the payment deferred as described under DEFERMENT of this Promissory Note, you may collect from me to the extent permitted by law, a late charge at a rate of 5% or 5% of the payment, whichever is less. If I fail to pay any of these amounts when they are due, I will also pay all charges and other costs, including reasonable attorney's fees, which were charged for efforts against my State and Federal income tax refunds. That are permitted by Federal law and regulations for the collection of these amounts. If this loan is referred to collection to an agency that is subject to the Fair Debt Collection Practices Act, I will pay those collection costs which do not exceed 25% of the unpaid principal and accrued interest.

H. PREPAYMENT. I may, at my option and without penalty, prepay all or part of the principal or accrued interest of my loan at any time.

I. ADDITIONAL AGREEMENTS. (1) The proceeds of this loan will be used only for educational expenses at the school listed on this Application and Promissory Note. (2) Any notice required to be given to me will be effective when mailed by first class mail to the latest address you have for me. (3) Your failure to enforce or insist that I comply with any terms of this Note is not a waiver of your rights. No provisions of this Note can be waived or modified except in writing. (4) If the MSGLA is requested, under its guarantee, to repay my loan, as I have requested, the MSGLA will become the holder of this Note and as my creditor will have all the rights of the original lender to enforce this Note against me. (5) I will send written notice to you within 10 days after any change in my name, address or school enrollment status. (6) The Stafford Loan Program does not provide any repayment which enables this loan to be cancelled, discharged or offsets or paid for teaching in any area, type of employment. (7) I am not required to provide security for this loan. (8) If I am willing but financially unable to make payments under my Repayment Schedule, I may request you to allow me a period of forbearance (to permit a temporary cessation of payments or reduce a current payment) for a short period of time. However, you are not required to approve my request.

J. DEFAULT. Default means any failure to make an installment payment when due or to meet other terms of this Note under circumstances where the Secretary of Education or the MSGLA finds it reasonable to conclude that I no longer intend to honor this obligation to repay, provided that this failure persists for: (a) days for a loan repayable in monthly installments or (bb) days for a loan repayable in less frequent installments. A default on this loan may be reported to a consumer reporting agency as the current amount of the loan, including interest immediately due and payable you, a subsequent holder or the MSGLA may disclose to schools I have attended or am currently attending information about the default. I will be ineligible to receive assistance from any of the following Federal programs: Pell Grant, Supplemental Educational Opportunity Grant, College Work Study, State Student Incentive Grant, Perkins Loan (formerly National Direct Student Loan), Income Contingent Loan, Stafford Loan, Supplemental Loans for Students (SLS), PLUS Loan or Consolidation Loan and I will be ineligible for the benefits described under DEFERMENT and FORBEARANCE in this Note.

K. REPAYMENT TERMS. I will repay this loan over a repayment period that generally does at least 5 years but no more than 10 years. However, the following exceptions to this rule apply: (1) If during the grace period preceding a shorter repayment period you may grant me a shorter period. (2) You may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period I will receive no more than $ Stafford Loans, SLS or PLUS Loans and no more than $ Stafford Loans, SLS or PLUS Loans and combine a loan made to me under balance of not such loans including interest, which loan is less and I qualify for postponement of my payments during any period, you may under DEFERMENT in this Note. If you grant forbearance those periods will not be included in the 5 and 10-year periods mentioned above. The particular terms and conditions of repayment that apply to this loan will be set forth in a separate document known as the Repayment Schedule that you will provide to me normally not within the repayment period begin.

L. CREDIT BUREAU NOTIFICATION. Information regarding my loan amount, repayments or any breach of this agreement will be reported to credit bureau organizations by the lender, holder or the MSGLA. Mr. breach of this agreement will be disclosed to credit bureau organizations unless I enter repayment within 60 days after being notified of such disclosure by the lender, holder or the MSGLA. Any inaccuracy I make to the credit bureau regarding accuracy and completeness of information will be responded to in a timely manner by the appropriate party. ANY BREACH OF THIS AGREEMENT MAY SIGNIFICANTLY AND ADVERSELY AFFECT MY ABILITY TO OBTAIN CREDIT.

M. TRANSFER OF NOTE. This Note may be transferred to a holder other than the lender. Such transfer shall not affect the rights and responsibilities of the parties as set forth herein. This Note is not intended to be a negotiable instrument and a subsequent holder of this Note cannot be a holder in due course. The new holder will notify me in writing if any such transfer.

N. DEFERMENT. In order to receive a deferment I must request the deferment and provide you with all documentation required to establish my eligibility as set forth in the regulations governing the GSLP. GSLP represents Stafford Loans, SLS, PLUS Loans and Consolidation Loans. I understand that I must make any request for condition entering into for the deferment no longer exists I may make payments in particular for my loan after the repayment period begins under any of the following circumstances:

(1) While I am engaged in:

A. Full-time study at a school that is participating in the Stafford Loan Program, except where serving in a medical internship or residency program where I am not a national of the United States and am studying at a school not located in the United States.

B. Full-time study at an institution of higher education or a vocational school that is operated by an agency of the Federal Government (e.g., the service academies), where I am not a national of the United States and am studying at a school not located in the United States.

C. An eligible graduate fellowship program, or

D. An eligible rehabilitation training program for disabled individuals.

(2) For periods not exceeding 36 months for each of the following while I am:

A. On active duty status in the Armed Forces of the United States, if serving on the Commissioned Corps of the United States Public Health Service.

B. Serving as a volunteer under the Peace Corps Act or I have agreed to serve for a period of at least one year.

C. Serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973 in a program for which I have agreed to serve for a period of at least one year.

D. Performing full-time volunteer service which the Secretary of Education has determined is comparable service in the Peace Corps or ACTION programs, for an organization exempt from income taxes under 501(c)(3) of the Internal Revenue Code of 1954, as amended, or

E. Temporarily totally disabled, as established by a medical physician or a qualified physician, or unable to secure employment because I am a parent, or a spouse or other dependent, who is unexpectedly totally disabled, as established by a medical physician or a qualified physician.

(3) For periods not exceeding 24 months for each of the following while I am:

A. Serving in an eligible internship or program required to begin professional practice or service.

B. Serving in an internship or residency program leading to a degree or certificate, awarded by an institution of higher education, a hospital or a health care agency that offers post-graduate training.

C. Unemployed and unable to find full-time employment in the United States.

(4) For periods not exceeding 6 months while I am unemployed seeking full-time employment for a child who immediately following the cessation of the child received assistance provided with funds attending a school and am not gainfully employed, or while I am unable to be enrolled because the child is not enrolled within the past 6 months. A period shall not be considered a period of repayment of the Program.

In addition to the above deferments, if I am a new borrower on or after July 1, 1987, I may receive an deferment for the period, not to exceed 3 years, during which I am: (1) pursuing a course of study approved by the Secretary of Education as part of a graduate fellowship program; (2) engaged in a full-time rehabilitation training program for individuals with disabilities; or (3) engaged in any one of the following occupations:

(A) While I am engaged in an area that has been designated as an area with a shortage of personnel in the Stafford Loan Program unless I am not a national of the United States and am studying at a school not located in the United States. A I receive a loan under the Stafford Loan Program, I will be notified by the Secretary of Education if the area in which I am employed is designated as an area with a shortage of personnel.

(B) For periods not exceeding 36 months for each of the following while I am:

C. On active duty status in the Armed Forces of the United States, if serving on the Commissioned Corps of the United States Public Health Service or an active duty member of the National Oceanic and Atmospheric Administration.

E. Employed as a full-time teacher in a public or private preschool, elementary or secondary school, teacher shortage area as defined by the Secretary of Education.

(C) For periods not exceeding 12 months for each of the following while I am:

A. Employed as a nurse.

B. Employed as a full-time employee of a public or private nonprofit child or family service agency, including a nonprofit, hospital, and nonprofit child or family service agency which provides services to families who are referred by the courts, if I am employed as a child or family service worker, social worker, or other professional providing services directly to such families or children who are referred by or receiving services from such agency or court.

D. Employed as a full-time employee of a public or private nonprofit agency which provides services to, or administers programs for, mentally or physically handicapped individuals.

E. Employed as a full-time employee of a public or private nonprofit agency which provides services to, or administers programs for, individuals who are age 60 or older.

F. Employed as a full-time employee of a public or private nonprofit agency which provides services to, or administers programs for, individuals who are victims of domestic violence.

O. REPAYMENT BY DEPARTMENT OF DEFENSE. [illegible] Under the Department of Defense Authorization Act, 1985, the Secretary of Defense may repay all or part of my loan. To the extent that the Secretary of Defense repays all or part of my loan, I understand I am not entitled to any benefits based on payment of that amount or for that period of service, and I waive all rights, title, and interest or claim to any benefits based on payment or service. I understand that this repayment may affect my tax liability.

P. CONSOLIDATION LOAN PROGRAM. [illegible] I understand that I may be eligible for a Consolidation Loan Program. I have received information about the Consolidation Loan Program. I have the right to cancel my application for a Consolidation Loan Program. I have the right to receive a disclosure statement before I am obligated on a Consolidation Loan.

BORROWER CERTIFICATION

I, [illegible], certify under the laws of the United States of America that the following is true, complete and accurate: I have received a copy of this Note. I have read and understand the terms and conditions of this Note. To the best of my knowledge and belief, each of these is made in good faith. I authorize any person or agency to release any data from this loan to the MSGLA. I authorize the lender to release my name, address, social security number and other information necessary to process this loan to the MSGLA or its designee. I authorize the MSGLA or its designee to release this information to the lender, its agents, any guarantee organization participating in this loan, any educational institution which I plan to attend, or the Department of Education or their agents, any educational institution participating in this loan, any employment, enrollment status, loan amount, repayment, default, deferment, forbearance, discharge or cancellation information with respect to this loan to any of the above parties. I understand that any false or fraudulent statement or misrepresentation on this or any subsequent document related to this loan may be punishable by fine or imprisonment or both under Federal law. I understand that I am responsible for all charges due on this loan. I understand that I may prepay the loan in full or in part at any time without penalty. I understand that I must notify the lender or servicer of this loan within 10 days of any change in my name, address, or enrollment status. I understand that I must notify the lender or servicer of this loan prior to my graduation, withdrawal, or change in my

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it asks to supply information:

1. The authority for collecting the information requested on the application, including Application and Promissory Note, is found in Section 428(b)(2)(A) of the Higher Education Act of 1965, as amended (20 U.S.C. 1078(b)(2)(A)). Applicants are advised that the requested information is necessary for participation in the GSLP.
2. The principal purposes of this information are as follows: to verify the identity of the applicant; to determine program eligibility and benefits; to permit servicing of the loan; and in the event it is necessary, to locate the borrower and to collect on a delinquent or defaulted loan.
3. The routine uses of this information include its disclosure to Federal, State or local agencies; to private parties such as relatives, present and former employers, business and personal associates; to guarantee agencies; to educational and financial institutions and to agency contractors, in order to verify the identity of the applicant; to determine program eligibility and benefits; to permit servicing or collecting of the loan; to counsel the borrower in repayment efforts; to investigate possible fraud and to verify compliance with program regulations or to locate a delinquent or defaulted borrower.
4. Applicants must provide all of the information requested in order to have their application processed.

Section 7(b) of the Privacy Act of 1974 (5 U.S.C. 552a note) requires that when any Federal, State or local government agency requests an individual to disclose his/her social security number (SSN), that individual must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the SSN is solicited and what uses will be made of it.

Section 7(a)(2) of the Privacy Act provides that an agency may continue to require disclosure of an individual's SSN as a condition for the granting of a right, benefit or privilege provided by law in cases in which the agency required this disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

Disclosure of the applicant's SSN is required as a condition for participation in the GSLP. The U.S. Department of Education has for several years consistently required the disclosure of the SSN on application forms and other necessary GSLP documents adopted pursuant to published regulations. Authority to release this information is found in GSLP regulations, particularly 34 CFR 682.305 and 682.504(a).

The SSN will be used to verify the identity of the applicant and as an account number (identifier) throughout the life of the loan in order to record necessary data accurately. As an identifier, the SSN is used in such program activities as determining program eligibility, certifying school attendance and student status, determining eligibility for deferment of repayment, determining eligibility for disability or death claims and for tracing and collecting in cases of delinquent or defaulted loans.

RIGHT TO FINANCIAL PRIVACY ACT NOTICE

Under the Right of Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in connection with the administration of the GSLP.

EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

The names and addresses of the Federal agencies which administer compliance with this law are listed below. During the course of the loan application process, your lender will upon request, inform you of the proper body which regulates the lender.

A. Federal Reserve System
Josh Street & Constitution Avenue, NW
Washington, D.C. 20551

B. Office of the Comptroller of the Currency
490 L'Enfant Plaza East, SW
Washington, D.C. 20219

C. Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

D. Federal Home Loan Bank Board
101 Indiana Avenue, NW
Washington, D.C. 20552

E. National Credit Union Administration
2025 M Street, NW
Washington, D.C. 20456

F. Federal Trade Commission
6th Street & Pennsylvania Avenue, NW
Washington, D.C. 20580

CRIMINAL PENALTIES [20 U.S.C. 1097(a)]

Any person who knowingly and willfully embezzles, misapplies, steals or obtains by fraud, false statement or forgery any funds, assets or property provided or insured under this part shall be fined not more than $10,000 or imprisoned for not more than five years or both; but if the amount so embezzled, misapplied, stolen or obtained by fraud, false statement or forgery does not exceed $200, the fine shall not be more than $1,000 and imprisonment shall not exceed one year or both.

NOTICE

The Mississippi Guarantee Student Loan Agency, lender or subsequent holder will report information concerning the amount of this loan and its repayment to one or more credit bureau organizations. **If you default on this loan, the lender, subsequent holder or guarantee agency will also report the default to credit bureau organizations. This may significantly and adversely affect your ability to obtain other credit.**

The lender, subsequent holder or guarantee agency will notify you at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless you enter into repayment on the loan within the 30 days.

The lender must provide a timely response to a request from any credit bureau organization regarding objections you might raise with that organization about the accuracy and completeness of information reported about you.

"BORROWER — Retain These Instruction Notices for Your Records"

Mississippi Guarantee Student Loan Agency

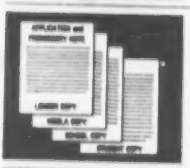
HOW TO APPLY FOR A STAFFORD LOAN
Follow these steps to get your Stafford Loan

1
Pull out the middle section of this Booklet. It contains the Application and Promissory Note you will need to complete. Keep the rest of the Booklet.

2
Read the entire Booklet, especially the instructions for filling out Section I of the Application.

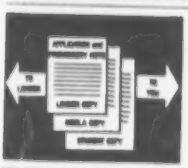
3
Fill out Section I of the Application. Answer every question to make sure that your Application can be processed. Make sure all of the copies are clear.

Sign and date the Application and Promissory Note.



4
Submit all of the copies of the Application and Promissory Note to your school.

5
Your school will determine your eligibility and fill out Section II of the Application and Promissory Note.



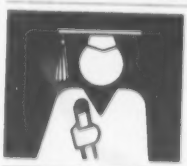
6
The school will do one of the following:
A. Send the Application and Promissory Note to the lender for you;
B. Give the Application and Promissory Note back to you; or
C. Tell you that you are not eligible to get a Stafford Loan.

7
If your school gives the Application and Promissory Note back to you, submit it to your lender. The lender will fill out Section III of the Application and Promissory Note.

8
The lender will send the Application and Promissory Note to the MGSLA. The MGSLA will let the lender and school know when your loan is guaranteed.

9
The lender will send you a Disclosure Statement and will send your check to your school. Remember, you can only use this check for educational purposes.

10
After the school gives you the check, and at all times prior to full repayment of your loan, notify your lender of any changes in your address or name.



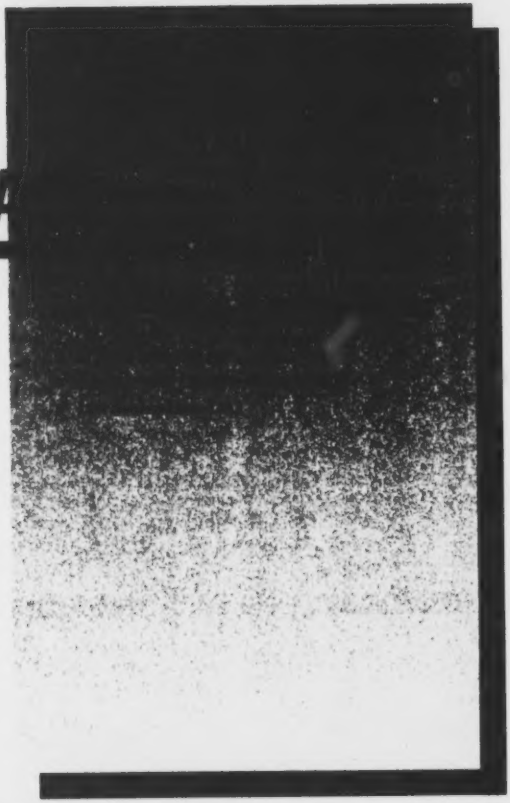
11
Immediately after you graduate, leave school, or change your status to less than half-time, contact your lender to set up your repayment schedule.

12
You will receive a repayment schedule from your lender. Honor your obligation by making payments on time and when they are scheduled. This will help you obtain other loans in the future.

Sponsored by Law School Admission Council

1991-92 3-in-1 Application, Promissory Notes and Consumer Information Booklet

LAW A



LAW Access

Money for Law Students

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FOUR STEPS FOR COMPLETING YOUR APPLICATION AND PROMISSORY NOTE(S)

STEP 1

Program Application/Promissory Note(s) and Consumer Information

- Take time to review all of the information provided in the application and promissory note booklet.

STEP 2

Application

- Review the program terms.
- Carefully read the application instruction sheet.
- Refer to the sample application.
- Carefully complete, sign and date the application.
- Complete the application work sheet, if required.
- Review the checklist.

STEP 3

Promissory Note(s)

- Carefully read the promissory note instructions.
- Carefully read the front and back of the promissory note(s).
- Carefully sign and date the promissory note(s).
- Review the checklist.

STEP 4

Submit completed, signed and dated application, promissory note(s), INS documentation (if required) and application worksheet (if necessary) to your school financial aid office.

LAW ACCESS PROGRAM ELIGIBILITY REQUIREMENTS

(Refer to the enclosed Application and Promissory Notes, for detailed information regarding loan terms and conditions.)

Program eligibility requirements include the following:

- You must be enrolled in, or be admitted for enrollment in, a school that is a member of the Law School Admission Council (LSAC) and an American Bar Association (ABA)-accredited law school.
- You must be enrolled, or will enroll in, a J.D., LL.M., or other joint law degree program, and be attending at least half-time.
- You must be making satisfactory progress toward the completion of your degree according to the standards of your school.
- You must be a U.S. citizen/national or eligible noncitizen.
- You cannot have already borrowed the total aggregate allowed by the Law Access Loan Program.
- You must not be in default on any educational loan or owe a refund on an educational grant.
- You must file a Statement of Registration Status by which you certify that you are either registered with Selective Service, or, for a specific reason, not required to be registered.*

Your school must first determine your eligibility for a Stafford Loan before determining your eligibility for an SLS Loan. Make sure you apply for a Stafford Loan if you also want to apply for an SLS Loan. Law Access encourages all applicants to apply for its loans in the following order: Stafford, SLS, then LAL.

*Not required for LAL Loan Eligibility

42-925 O—91——10

LAW ACCESS 1991-92 LOANS PROGRAM TABLE-OF-TERMS

	Stafford Loan (formerly Guaranteed Student Loan [GSL])	Supplemental Loans for Students (SLS)[1]	Law Access Loan (LAL)[1]
MAXIMUM LIMIT	• $7,500 per year. • $54,750 aggregate (including undergraduate borrowing).	• $4,000 per year. • $20,000 aggregate (including undergraduate borrowing).	• $14,500 per year. • $43,500 aggregate. (The above figures are subject to limits on all educational loans of $8,000 per year and $90,000 cumulative including undergraduate and graduate loans.)
LAW ACCESS MINIMUM LIMIT	• Minimum Stafford Loan is $100, but you must borrow at least $500 combined for Stafford and SLS.	• Minimum SLS Loan is $100, but you must borrow at least $500 combined for Stafford and SLS.	• Minimum LAL is $500.
INTEREST PAYMENTS	• Federal government pays interest while student is in school.	• Interest payments may be deferred while student is in school. • Deferred interest is capitalized and added to the principal at repayment. • Student may choose to make quarterly interest payments while in school. • Less than half-time students required to make quarterly interest payments.	• Interest payments deferred while student is in school. • Deferred interest is capitalized and added to the principal at repayment. • Student may choose to make quarterly interest payments while in school.
RATE[2]	• 8% interest for new borrowers following graduation through the fourth year of repayment. Thereafter rate may vary and will not exceed 10%. • Repeat borrowers pay whatever their prior rate is.	• Interest rate varies annually; read posted each July 1. This rate is based on the bond equivalent rate for the 52-week Treasury Bill at the final auction held prior to June 1 plus 3.25%, not to exceed 12%.	• Interest rate varies quarterly. The rate during each calendar quarter is based on the bond equivalent rate for the 91-Day Treasury Bill determined at the final auction of the preceding quarter plus 3.25%.[3]
FEES[2]	• 1/2 of 1% guaranty fee. • Origination fee is 5% of the total amount of the loan. • A portion of both fees is deducted from each disbursement.	• 1/2 of 1% guaranty fee. • No origination fee. • A portion of both fees is deducted from each disbursement.	• 7.5% guaranty fee.[3] • Origination fee is 1/4 of 1% of the total loan amount. • A portion of both fees is deducted from each disbursement.[3]
REPAYMENT	• Repayment begins 6 months after graduation or after a student's status drops to less than half-time. • Students have up to 10 years to repay. • $50 minimum monthly payment. • No penalty for prepayment. • Deferments and forbearance of principal available.	• Repayment begins within 60 days following graduation or after a student's status drops to less than half-time. Under the Law Access program, upon written request, forbearance of 2-6 months is available for graduating law students. • Students have up to 10 years to repay. • $50 minimum monthly payment. • No penalty for prepayment. • Deferments or forbearance of principal available.	• Repayment begins 6 months after graduation or after a student's status drops to less than half-time. • Up to 15 years to repay.[3] • $50 minimum monthly payment. • No penalty for prepayment. • Deferments and forbearance of principal available. • At the time of repayment of principal, the lender will calculate your monthly payment amount. If interest rates change, the lender will reduce or increase the amount of your monthly payments.
ELIGIBILITY	• At least half-time student. • Need analysis required. • U.S. citizen/national or eligible noncitizen. (Eligible noncitizen must submit documentation of status, issued by the Immigration and Naturalization Service [INS].)	• At least half-time student. • Students are required to apply for a Stafford loan before being considered for an SLS. • U.S. citizen/national or eligible noncitizen. (Eligible noncitizen must submit documentation of status, issued by the Immigration and Naturalization Service [INS].)	• At least half-time student. • Satisfactory credit history. Refer to Law Access credit guidelines. • Students should borrow an SLS before an LAL. • U.S. citizen/national or eligible noncitizen. (Eligible noncitizen must submit documentation of status, issued by the Immigration and Naturalization Service [INS].)
DISBURSEMENT	• Multiple disbursements: up to three per loan period, minimum of two required, except if loan is made after 1/2 of the loan period has passed. • Copayable to student and school, mailed or electronically transferred to the school.	• Multiple disbursements: up to three per loan period, minimum of two required, except if loan is made after 1/2 of the loan period has passed. • Copayable to student and school, mailed or electronically transferred to the school.	• Multiple disbursements: up to three per loan period, minimum of two required, except if loan is for less than $2,000 or disbursement is requested after 1/3 of the loan period has passed or loan is for one term. • Payable to student, mailed or electronically transferred to school.

[1]SLS and LAL loans may be used to offset the calculated Family Contribution used to determine eligibility for the Stafford Loan program.
[2]Rates and fees are subject to change with the approval of appropriate regulatory authorities.
[3]Disclosure Schedule — With the 7.5% guaranty fee, an origination fee of .25%, and a nominal interest rate of 9.97% at an APR of 11.42% you could make 180 monthly payments of $10.73 per $1,000 of loan balance. The APR may vary and may increase after consummation.

LAW SCHOOL ADMISSION COUNCIL MEMBER SCHOOLS

University of Akron
University of Alabama
Albany Law School
American University
University of Arizona
Arizona State University
University of Arkansas, Fayetteville
University of Arkansas, Little Rock
University of Baltimore
Baylor University
Boston College
Boston University
University of Bridgeport
Brigham Young University
Brooklyn Law School
University of California, Berkeley
University of California, Davis
University of California, Hastings College
University of California, Los Angeles
California Western School of Law
Campbell University
Capital University
Benjamin N. Cardozo School of Law, Yeshiva University
Case Western Reserve University
Catholic University of America
Catholic University of Puerto Rico
University of Chicago
University of Cincinnati
City University of New York Law School at Queens College
Cleveland State University
University of Colorado
Columbia University
University of Connecticut
Cornell University
Creighton University
Cumberland School of Law, Samford University
University of Dayton
University of Denver
DePaul University
University of Detroit
Detroit College of Law
Dickinson School of Law
Drake University
Duke University
Duquesne University
Emory University
University of Florida
Florida State University
Fordham University
Franklin Pierce Law Center
George Mason University
George Washington University
Georgetown University
University of Georgia
Georgia State University
Golden Gate University
Gonzaga University
Hamline University
Harvard University
University of Hawaii
Hofstra University
University of Houston
Howard University
University of Idaho
University of Illinois
IIT Chicago-Kent College of Law
Indiana University, Bloomington
Indiana University, Indianapolis
Inter American University
University of Iowa
John Marshall Law School
University of Kansas
University of Kentucky
Lewis and Clark College
Louisiana State University
University of Louisville
Loyola Law School, Los Angeles
Loyola University, Chicago
Loyola University, New Orleans
University of Maine
Marquette University
University of Maryland
McGeorge School of Law, University of the Pacific
Memphis State University
Mercer University
University of Miami
University of Michigan
University of Minnesota
University of Mississippi
Mississippi College
University of Missouri, Columbia
University of Missouri, Kansas City
University of Montana
University of Nebraska
New England School of Law
University of New Mexico
New York Law School
New York University
University of North Carolina
North Carolina Central University
University of North Dakota
Northeastern University
Northern Illinois University
Northern Kentucky University
Northwestern University
Notre Dame Law School
Nova University
Ohio Northern University
Ohio State University
University of Oklahoma
Oklahoma City University
University of Oregon
Pace University
University of Pennsylvania
Pepperdine University
University of Pittsburgh
University of Puerto Rico
University of Puget Sound
Regent University
University of Richmond
Rutgers - The State University of New Jersey, Camden
Rutgers, - The State University of New Jersey, Newark
Saint John's University
Saint Louis University
Saint Mary's University
Saint Thomas University
University of San Diego
University of San Francisco
Santa Clara University
Seton Hall University
University of South Carolina
University of South Dakota
South Texas College of Law
Southern University
University of Southern California
Southern Illinois University
Southern Methodist University
Southwestern University
Stanford University
State University of New York at Buffalo
Stetson University
Suffolk University
Syracuse University
Temple University
University of Tennessee
University of Texas
Texas Southern University
Texas Tech University
Thomas M. Cooley Law School
University of Toledo
Touro College
Tulane University
University of Tulsa
University of Utah
Valparaiso University
Vanderbilt University
Vermont Law School
Villanova University
University of Virginia
Wake Forest University
Washburn University
University of Washington
Washington University
Washington and Lee University
Wayne State University
West Virginia University
Western New England College
Whittier College
Widener University
Willamette University
College of William and Mary
William Mitchell College of Law
University of Wisconsin
University of Wyoming
Yale University

CREDIT CRITERIA REVIEW PROCESS FOR THE LAW ACCESS LOAN (LAL)

Ameritrust Company National Association, Cleveland, Ohio shall consider making a Law Access Loan (LAL) if the credit report [obtained by Ameritrust, from an authorized credit reporting agency] relating to applicant shows no credit history or shows that the following criteria are met:

- *there is no more than one account currently rated 60 or more days delinquent at the time of the credit report;*
- *there are no more than two accounts that have been 60 or more days delinquent in the past two years;*
- *there is no account that has been delinquent 90 or more days in the past two years;*
- *there is no record of a collection or charged-off account in the past two years;*
- *there is no record of a foreclosure, repossession, open judgment or suit, unpaid prior educational loan default or other negative public credit record items in the past six years, and there is no record of a bankruptcy in the past seven years.*

Credit reports listing accounts with a status of "Not Paid as Agreed" will be classified as delinquent 90 days. Applicants failing to qualify under the standards listed above shall be disapproved for a Law Access Loan.

These credit criteria for the Law Access Loan (LAL) have been approved by the Law Access lender, Ameritrust Company National Association, Cleveland, Ohio, and program guarantor, The Education Resources Institute, Inc. (TERI).

If your application is rejected based on inaccurate or incomplete information contained in the credit report, you can request a review (within 60 days of the initial denial). Steps 1–4 must be followed.

STEP 1.
Carefully read your denial letter and support document(s). Call the telephone number of the credit office specified on your denial letter and explain that you have been denied a loan because of derogatory information found on your credit report. Request a copy of the report. Your credit bureau report can not be obtained through Ameritrust Company National Association, Cleveland, Ohio or Law School Admission Services–Law Access Program.

STEP 2.
Carefully review the credit bureau report and Law Access credit criteria (listed above). If you feel the information in the credit bureau report is incomplete or inaccurate, secure written proof of the incompleteness or inaccuracy from the appropriate vendor(s) on their letterhead. No other documentation will be accepted.

STEP 3.
Mail required documentation with your name, social security number, and telephone number to the address noted in your denial letter.

STEP 4.
A credit representative will review your documentation and approve or deny your request. Please allow 15 business days for this process. Results will be forwarded to you by mail. *NOTE: You may have other rights under applicable Federal and State laws when disputing information in your credit report.*

GOOD CREDIT - ITS IMPACT ON RECEIVING STUDENT LOANS

Establishing and Maintaining Good Credit
Rising costs have resulted in most students borrowing to meet law school expenses. Students are discovering that a good credit history is a prerequisite to receiving many educational loans today. Lenders have not only the right, but also the responsibility to deny a loan if there is an indication that a borrower will not repay. A good credit history will also be invaluable after law school. A record of consistent repayment of student loans is an excellent way to demonstrate creditworthiness.

Credit Verification and Default
High default rates on educational loans have resulted in guarantors and lenders requiring credit verification. When applying for private educational loans, a borrower's credit may receive special scrutiny because these loans are not guaranteed by the federal government. Students must understand that defaulted education loans are reported to credit bureaus. If a student has defaulted on an education loan, it may be difficult to qualify for any future educational loans.

Failure to Repay
Failure to repay financial obligations in a prompt and timely basis will jeopardize a student's eligibility for future credit, including education loans. Unsatisfactory credit also can result in the seizure of bank accounts, personal property, and /or income tax refunds. Wages can also be garnished.

The Credit Bureau Report
Credit reports help lenders predict whether borrowers will be a good credit risk based on their past credit history. Credit bureau reports provide information on where applicants live and work and list debts and payments reported to them by creditors such as financial institutions, credit card companies, and major retail stores.

Before applying for educational loans, students should request a credit report from a local credit bureau. The report should be reviewed carefully with particular attention paid to the number of accounts, account balances, and the timely manner in which monthly payments have been paid. Should the report reveal any derogatory information, students should contact the reporting credit bureau and the creditor(s) to see if any item(s) are in error or can be corrected.

MANAGING YOUR DEBT: DETERMINING YOUR APPROPRIATE LEVEL OF DEBT

There is really no magic number for an appropriate level of debt; it depends in part on the terms of your loan(s), your level of other nondiscretionary financial obligations such as housing and taxes, your lifestyle requirements, and, of course, your total income.

The first step you should take before completing a loan application, and the first step in debt management, is to determine your own appropriate level of debt. To make debt management meaningful, it is essential that you be truthful to yourself in assessing both your current situation and your expected earnings ability.

STEP 1: DETERMINE YOUR STARTING SALARY

Using the following table of average starting salaries, estimate your income upon graduation.

SIZE OF FIRM (# of Attorneys)	*Average Starting Salary**
Very Small (2-10)	$28,475
Small (11-25)	36,187
Medium (26-50)	43,309
Large (51-100)	50,269
Very Large (over 100)	58,936

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*Based on 1990 Salary Data

STEP 2: CALCULATE YOUR MONTHLY NET INCOME

	Sample	You
(1) Expected Monthly Salary (annual divided by 12)	$ 3,333	$_____
(2) Less Taxes Withheld: Federal (approx. 28%)	-933	_____
FICA (7.65% of wages)	-255	_____
State (approx. 6%)	-200	_____
(3) Equals Monthly Net Income	$ 1,945	$_____

These numbers are only examples. Salaries and state and local taxes will vary.

STEP 3: PREPARE YOUR MONTHLY BUDGET

Prepare an estimated monthly budget and compare it with your net income. Note: this same budget worksheet may be used during school to assist in reducing your total debt.

FIXED EXPENSES	*Sample*	You
Student Loans		
Stafford Loan ($15,000/8%)	$182	_____
SLS ($10,000/12%)	+143	_____
LAL ($10,000/12%)	+143	_____
Rent or mortgage payment	+500	_____
Utilities (gas & electric)	+50	_____
Telephone	+25	_____
Insurance (health, life, auto, homeowners/renters)	+125	_____
Childcare/child support	n/a	_____
Car loan (e.g., $12,000 car, 25% down, 13% loan for 48 months)	+239	_____
Car expenses or fare for public transportation	+75	_____
Total Fixed Expenses	$1,482	$_____
FLEXIBLE EXPENSES		
Food & household goods	$ 175	_____
Clothing	+75	_____
Personal (laundry, toiletries, etc.)	+50	_____
Entertainment/Recreation	+75	_____
Total Flexible Expenses	$375	$_____
TOTAL MONTHLY EXPENSES (Fixed + Flexible)	$1,857	$_____
Monthly Net Income	$1,945	_____
Total Monthly Expenses	-1,857	_____
Monthly Surplus or deficit	+$ 88	$_____

MINIMIZING OR REDUCING YOUR LEVEL OF DEBT

Before you begin law school:

- Keep undergraduate school loans to a minimum; apply for grants and scholarships; borrow less and work more, if possible;
- Design and implement a financial plan as early as possible that includes your anticipated costs, the rate of inflation, and your saving ability;
- Save for law school as much as you can; let interest work for you, rather than against you;
- Apply for all financial aid in a timely manner;
- Investigate additional sources of aid, including outside scholarships, veterans educational benefits, and employer educational benefits;
- Investigate interstate financial aid programs;
- Investigate and consider tuition prepayment plans;
- If you are employed, and if it is possible, pay off all non-student loans, especially credit card balances and installment loans.

During law school:

- The basis of a sound financial plan is a budget. Prepare a budget that conforms to the level of aid and income you receive. The preceding monthly expense budget may be used to assist you in living within your means both during school and after you graduate. The Financial Aid Office at your school can assist you in determining appropriate figures for in-school expenses;
- Apply each year for all financial aid for which you may qualify, especially non-loan aid;
- Work as many hours as appropriate during your second and third years of law school, and during breaks in your first year of law school;
- Manage your money wisely by implementing as many cost-savings techniques as possible;
- Keep living and lifestyle expectations modest (reasonable);
- Take advantage of a privately sponsored tuition-payment plan that extends the time to pay off tuition and reduces your student debt burden.

LOAN CONSOLIDATION

One way to control your finances and reduce your monthly loan payments is loan consolidation. The Law Access Federal Loan Consolidation Program allows you to consolidate your federal education debt. Eligible debt includes:

Perkins/NDSL Loan, Stafford Loan, Supplemental Loans to Students (SLS), Auxiliary Loans to Assist Students (ALAS), Health Professions Student Loan (HPSL), and the Federally Insured Student Loans (FISL).

NOTE: Loan consolidation is not for everyone. It is primarily intended for those who might otherwise encounter difficulty in meeting their monthly education loan obligations.

Advantages — With loan consolidation, you can expect to:

- *Make lower, more manageable, monthly payments on education loans.*
- *Realize greater cash flow by retaining more of your monthly income.*
- *Avoid payment problems and potential damage to your credit rating.*

Drawbacks — With loan consolidation, you can expect to:

- *Pay more in interest expenses over the course of an extended repayment period (provided you do not prepay your loans in full prior to that time).*
- *Forfeit some of your authorized deferment options under the individual Federally guaranteed loan programs.*
- *Pay interest at a higher average annual rate (not necessarily in all cases).*

FOR MORE INFORMATION ON THE LAW ACCESS FEDERAL LOAN CONSOLIDATION PROGRAM, PLEASE CONTACT LAW ACCESS AT 1-800-282-1550.

DEFINITIONS OF INEXACT AID TERMS

Annual Percentage Rate (APR) —A percentage calculation that reflects the total cost of a loan (interest plus all fees) on an annual basis.

Cancellation of Loan — Borrower has fulfilled specific requirements whereby his/her obligation to repay the principal and interest has been cancelled.

Capitalization of Interest — Interest on a loan is allowed to accrue and be added to the principal amount at the lender's option.

Consolidation Loan — A program offered by eligible lenders which allows the following loans to be combined into a single loan. Perkins/NDSL Loan, Stafford Loan, Supplemental Loans to Students (SLS), Auxiliary Loans to Assist Students (ALAS), Health Professions Student Loan (HPSL), and the Federally Insured Student Loans (FISL).

Default — The failure of a borrower either to make installment payments when due or to comply with other terms of the promissory note. If there is a guarantee, the lender is paid off and the loan becomes the property of guarantor. The borrower is still liable for the loan.

Deferment — A period during which the repayment of the principal amount of the loan is suspended as a result of the borrower meeting one of a number of requirements established by law and/or contained in the promissory note. During this period, borrowers may not have to pay interest on the loan.

Delinquent Borrower — A borrower who has failed to make one or more installment payment(s) on its (their) due date.

Due Diligence — Full and timely disclosure to student borrowers of their rights and obligations through entrance and exit interviews, thorough, extensive, and persistent procedures for servicing and collecting loans.

Forbearance — Lender's option. A temporary cessation of loan payments, an extension of time for making payments, or acceptance of smaller payments than were previously scheduled. Forbearance may be given for circumstances that are not covered by deferment, and is usually given in situations where personal problems such as hospitalization or short-term unemployment affect the borrowers's ability to meet loan payment obligations.

Grace Period — A period of time that begins when a student ceases to be enrolled at least half-time and ends when the repayment period starts. Loan payments do not have to be made by the student during the grace period.

Guaranty Agency — A state agency or private, nonprofit institution or organization that administers student loan programs. Guaranty agencies insure lenders against losses due to a borrower's default, death, disability, or bankruptcy.

Guaranty Fee — A percentage of principal charged to the borrower by the guaranty agency. Usually deducted from loan proceeds.

Origination Fee — A processing fee calculated on the principal amount borrowed and charged to the student by the lender. This fee, like the guaranty fee, is normally subtracted from the amount of the loan proceeds.

Principal and Interest — Principal refers to the total amount borrowed; interest refers to the amount charged for the use of the money over time. Interest is usually stated as a percent.

Promissory Note — A legal document signed by the borrower when obtaining a loan. The promissory note lists the conditions under which the loan is made and the terms under which the borrower agrees to pay back the loan.

Repayment Schedule — A plan which sets forth the principal and interest due in each installment, number of payments required to pay the loan in full, the interest rate, and the due dates of the first and subsequent payments.

Servicer — Many lenders and secondary markets hire companies that specialize in student loans to handle billing, collections, deferments, etc. These organizations are called "servicers" for they service the loans for lenders. Your student loan account may well be assigned to one of these servicers.

STUDENT RIGHTS AND RESPONSIBILITIES

When you apply for a student loan, you also take on certain rights and responsibilities. Understanding these rights and responsibilities will help you be a successful borrower. The Loan Application, Promissory Note, and Notice of Disclosure you receive when your loan is guaranteed will provide you with a complete listing of your rights and responsibilities as a borrower. You should read these documents carefully before signing them.

What is a Guaranteed Education Loan?
- A guaranteed education loan is money you borrow from a bank or other lending institution to help you pay for your education. The loan is guaranteed by the federal government through a guaranty agency.
- The two guaranteed education loan programs are the Stafford Loans (formerly Guaranteed Student Loans — GSL) and Supplemental Loans for Students (SLS).

What is a Promissory Note?
- When you get a guaranteed education loan, you must sign an application and a Promissory Note. The Promissory Note is your promise to repay the loan.
- You must meet all the terms of the Promissory Note.
- Read and keep your copy of the signed Promissory Note.
- When you have repaid your loan, the lending institution must return your original Promissory Note, or give you a paid-in-full notification.

When Must You Repay Your Loan?
- When you complete your education and/or graduate.
- Your student loan is a debt and must be repaid. If you wish, you may repay your loan early without penalty.
- If you leave school early or are not attending at least a half-time, you must contact your lender to set up a repayment plan.

The Schools' Payment and Refund Policies
- Stafford Loans and Supplemental Loans for Students (SLS) checks will be sent directly to your school, or transferred electronically.
- An origination fee will be deducted from the proceeds of your Stafford Loan. The fee is determined by federal law and does not reduce the amount you are required to repay.
- The guarantor will charge a fee to guarantee your loan. The guaranty fee will be deducted proportionally from each disbursement and does not reduce the amount you are required to repay.
- If the combined financial aid for which you are eligible adds up to more than you owe the school, you are entitled to the difference.
- You have a right to know about any financial aid that has been paid to the school on your behalf. You also have a right to the timely payment of money the school owes you.

Ask the school about its payment and refund policies and how you will be paid money from each type of aid program received through the school. Find out specifically about: 1) Refunds for overpayment, 2) Drop-out refund policy, 3) Deferred payments, 4) Installment payments.

Loan Repayment Terms
- When you get a loan, it is your responsibility to understand and follow all repayment terms.
- If you borrowed money through the Perkins, Stafford, or the SLS loan programs, an exit interview with the financial aid administrator is required when you leave school. The financial aid administrator will provide loan repayment information to you during your exit interview.
- Stafford Loans have a grace period before you have to begin repayment of principal and interest. The repayment period begins when you leave school or are no longer attending at least half-time. The grace period on all loans with an interest rate of 8 percent or higher is six months; loans with an interest rate of 7 percent have a grace period of nine months.
- You must contact your lender to make repayment arrangements no later than 90 days before your grace period ends.
- Your lender must give you a repayment schedule before you begin to pay back the loan. This schedule must conform to the repayment provisions in the Promissory Note.
- You must pay back your loan in accordance with the repayment schedule.
- You are responsible for repayment of all loans, including interest and fees, even if you do not finish school.
- You have a right to repay part or all of the loan early without penalty.
- Unless other arrangements have been agreed to by the lender, you will be required to make payments of at least $50 per month.

Repayment Period
- You have at least five years but no more than ten years to repay your Stafford and/or SLS loans. The following are exceptions to this rule:
- You can repay your loan in full at any time.
- Your lender may grant you a repayment period of less than five years. If your repayment period is less than five years, you may later choose to have it extended to at least five years.

Delayed Loan Repayment
- Under certain conditions such as unemployment or military service, you may be able to defer repayment of your loan.
- The Promissory Note will contain a complete list of the conditions under which you may qualify for a deferment or forbearance.
- Deferments will not be included in determining the five- to ten-year repayment periods mentioned above.

Other Loan Repayment Options
- If you are in repayment or in your grace period and your outstanding student loan debt is at least $5,000, you may be eligible for a federal consolidation loan program.
- You can combine or "consolidate" your loans into a single, new loan. This new loan will have a repayment period of 10-25 years.
- You can consolidate debts from the following types of loans:
  - Stafford Loans;
  - Supplemental Loans for Students (Auxiliary Loans to Assist Students);
  - Perkins Loans (NDSL);
  - Health Professions Student Loans;
  - FISL.
- If you have borrowed SLS loans, the following refinancing options may be available for you. The refinancing lender will disclose the repayment terms and charges applicable.
  - *Refinancing to secure combined repayment.* The holder of your SLS loan may consolidate those loans to allow you to make a single monthly payment of principal and interest.
  - *Refinancing to secure a variable interest rate.* The holder of your SLS loan(s) may reissue your loan(s) at a variable interest rate. This interest rate, which will change each July 1, may not exceed 12 percent.
  - *Refinancing to discharge previous loans.* If the holder of your SLS loan(s) denies you the option of a variable interest rate, you may apply to another lender to refinance your SLS loan(s) at a variable interest rate. If you use one of these refinancing options, the refinancing lender will disclose to you the repayment terms and the amount of any charges applicable to each option.
- Military Repayment. Under certain circumstances, military personnel may have their loans repaid by the Secretary of Defense, in accordance with Section 902 of the Department of Defense Authorization Act, 1981 (P.L. 96-342, 10 U.S.C. 2141 note). Questions concerning the program should be addressed to the local recruiter. This program described is a recruiting program for the service involved and does not pertain to prior service by an individual or those not eligible for enlistment in the Armed Forces.

Changing Conditions
- Notify your lender and guarantor immediately if you do any of the following: 1) Fail to enroll for the period for which the loan was intended, 2) Leave school for any reason, 3) Attend school less than half time, 4) Transfer from one school to another, 5) Graduate, 6) Change your name or address.
- If you received a deferment, you must notify your lender when the reasons for deferment no longer exist.
- If your lender sells your federally guaranteed loan(s) to a third party, you must be notified in writing.

Do Not Default on a Loan
- If you fail to meet your loan repayment terms, you are delinquent. If you continue to be delinquent, you default on the loan and the entire balance becomes due.
- Your lender will give you written notice of your failure to repay before declaring your loan in default.
- If you go into default and do not begin repayment, you may be sued.

If You're in Trouble With Your Loan
- If you are financially unable to make payments, you can request that your lender grant any of the following:
  - —A short period during which you make no payments of principal.
  - —An extension of time to make payments.
  - —Smaller payments than originally scheduled.

Your lender is not required to approve your request. Keep in contact with your lender if you are having financial difficulties. Your lender will work with you in maintaining your credit history.

LAW ACCESS 1991-92 APPLICATION

STAFFORD LOANS (GSL) SUPPLEMENTAL LOANS FOR STUDENTS (SLS) THE LAW ACCESS LOAN (LAL)

PLEASE TYPE OR PRINT IN INK

YOU MAY APPLY FOR A LOAN IN YOUR NAME ALONE, REGARDLESS OF YOUR MARITAL STATUS

1 Legal Name: Last Name STUDENT First Name SALLY Middle Initial J.

2 Social Security Number: 123-45-6789

3 Telephone Number: 213.999.1111

4 Date of Birth (Mo/Day/Yr): 02/27/69

5 Permanent (U.S.) Address: Street Number and Name 777 CORTEZ BLVD. City LOS ANGELES State CA Zip Code 90025

6 Driver's License Number: XX 123456 State of Issuance: C A

7 Citizenship Status: ☒ U.S. Citizen/National ☐ Eligible Non-Citizen (Attach Proof of Residency from INS. See Instructions)

8 Are You Currently in Default on an Education Loan? ☐ Yes ☒ No

9 U.S. Address of Parent/Spouse or Nearest Living Relative
Name ROBERT STUDENT
Address 318 SUNNYCROFT ROAD
City/State/Zip Code SANTA CRUZ, CA 95025
Telephone Number 408.555.1991

U.S. Address of Adult Relative Not Residing at Address to Left
Name LILY LAWYER
Address 205 7TH STREET, APT. 2B
City/State/Zip Code BAYSIDE, NY 11364
Telephone Number 212.555.1992

10 Do you have any educational debts? (e.g. Stafford (GSL), SLS, Perkins (NDSL), private and institutional loans) ☐ No ☒ Yes If Yes, list below

11 List all educational debt, by loan type and lender, including both undergraduate and graduate debt. If more space is needed use attached worksheet. You must complete all of the information requested.

Loan Type	Interest Rate	Name, City and State of Lender	Loan Period (Mo/Yr) to (Mo/Yr)	Amount Borrowed	Current Balance
PERKINS	5 %	OCCIDENTAL COLLEGE, LOS ANGELES, CA	9/88 - 6/89	2,000.	2,000.
GSL	8 %	WELLS FARGO, LOS ANGELES, CA	9/85 - 6/89	8,125.	7,800.
GSL	8 %	AMERITRUST CO., CLEVELAND, OH	8/89 - 5/90	7,500.	7,500.
SLS	12 %	AMERITRUST CO., CLEVELAND, OH	8/89 - 5/90	4,000.	4,000.

12 For what academic period are you requesting the following loan(s)? From 9 91 (Mo/Yr) To 5 92 (Mo/Yr)

13 Loan Amount Requested

Stafford Loan (GSL) ($7,500 Maximum Annual Amount): $ 7500.00

Supplemental Loan for Students (SLS) ($4,000 Maximum Annual Amount): $ 4000.00

Law Access Loan (LAL) ($7,500 Maximum Annual Amount): $ 3200.00

14 SLS Deferment Options (Check one)

☒ I wish to defer principal payments and have the interest capitalized while in school.

☐ I wish to defer principal payments and pay the interest while in school.

☐ I wish to begin repayment of both principal and interest while in school.

15 I have read, understand, and agree to the terms of the Borrower's Certification printed on the back of this application. I authorize the lender to investigate my creditworthiness, and to furnish information concerning my loan to credit/consumer reporting agencies and other persons who may legally receive such information. The lender is Ameritrust Company National Association, Cleveland, Ohio.

By my signature, I hereby authorize my school to transfer the proceeds of each of my Stafford, Supplemental Loans for Students (SLS) and or Law Access Loan (LAL) disbursements to my student account at my school. I understand that my student account at my school will reflect the credit each time a transfer of the loan proceeds is made. If my lender or school does not participate in the electronic transfer of funds, a check will be sent to my school for each Law Access program disbursement.

Sign Here Student Signature Sally J. Student Today's Date 2/28/91

SCHOOL CERTIFICATION SECTION

ED School Code | Branch Code | School Name | Telephone Number

Loan Period (Mo/Day/Yr) From ___/___/___ to ___/___/___

Enrollment Status ☐ Full-time ☐ At Least Half-time

Grade Level ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 ☐ 11 ☐ 12

Expected Graduation Date (Mo/Yr)

Cost of Attendance $ .00

Estimated Financial Aid $ .00

Cost Less Aid $ .00

Expected Family Contribution $ .00

Other Loans for this Period: Stafford (GSL) $ .00 SLS $ .00 Other $ .00

Suggested Disbursement Dates

	First Disbursement (M/D/Y)	Second Disbursement (M/D/Y)	Third Disbursement (M/D/Y)
Stafford (GSL)			
Supplemental Loans for Students (SLS)			
Law Access Loan (LAL)			

I have read, understand and agree to the School Certification printed on the reverse side of this application.

Signature _____ Date _____

Print Name _____ Title _____

REV DATE 2-91

5

[redacted]

TO BE USED WITH THE APPLICATION AND PROMISSORY NOTE(S) FOR LOAN PERIODS WITH AN ENDING DATE AFTER JUNE 30, 1991 AND BEFORE JULY 1, 1992.

[redacted]

1. Type or print your full, legal [illegible] name first.
2. Type or print your Social Security number. You must have a Social Security number in order to apply for a loan from Law Access.
3. Type or print your permanent telephone number, including area code.
4. Type or print your date of birth. For example, if you were born on February 29, 1964, enter: 02/29/64.
5. Type or print your permanent, legal address. You may not use a post office box number nor an address outside the United States or U.S. Territories. Your loan application will be delayed if you do not use a street address and include your zip code.
6. Type or print your driver's license number and the two-letter abbreviation of the state where it was issued. If you do not have a license, enter "none".
7. To be eligible for a loan from Law Access, you must either be a U.S. citizen/national or eligible noncitizen. Eligible noncitizens must be either a U.S. permanent resident with an Alien Registration Receipt Card (I-151 or I-551); a Departure Record (I-94) issued from the Immigration and Naturalization Service (INS) showing "Refugee", or "Asylum Granted", or "Indefinite Parole" and/or "Humanitarian Parole", or "Cuban-Haitian Entrant", or a temporary residence card (I-688).
8. Indicate whether you are currently in default on an education loan, e.g., Stafford, PLUS, SLS, FISL, Perkins (NDSL), Income Contingent, or Consolidation Loan. Default means you failed to make payments when they were due, and, as a consequence, your loan was purchased from your lender by the guarantor whom you now owe. If you checked YES, you may be required to provide additional information.
9. List two separate names and addresses of individuals who can act as references for you. The first should be a parent or legal guardian. If your parents are not living together, list your other parent in the second reference box. If your parents do not live in the United States or U.S. Territories, list a relative. If you have no living relatives, list close friends who can serve as a reference. You must enter the complete address, including zip code and telephone number with area code.
10. Indicate whether you have any educational debts, include school loans, government loans, and private loans (e.g., Law Access Loans). Do not include any loans for which you are now applying with this application.
11. List all your educational loans by type and lender. If necessary, use the Application Worksheet attached to the 3-in-1 Application booklet. If you have more than one type of loan with any one lender, enter the loans separately. Reference the sample application for assistance.

    Note: When determining your Stafford Loan interest rate, refer to your most recent "Notice of Guaranty and Disclosure" provided by the Lender.
12. Type or print the academic period for which you are requesting loans. This period should coincide with the institution's academic term(s).
13. Type or print the amount of each loan you are requesting. You may not exceed the maximum or minimum allowed for each program. The minimum for both the Stafford Loan and SLS is $100, but you must borrow at least $500 combined for Stafford/SLS. The minimum LAL is $500.
14. Indicate your preference regarding SLS deferment and repayment of interest and principal while in school. For additional information, refer to the section on capitalization on the back of the SLS Promissory Note under Section E. Repayment.
15. Read the Borrower's Certification printed on the back of the application, sign your complete, legal name as stated, and be certain to enter the date the application was signed. White-outs and scratch-outs will not be accepted for this item.

PROMISSORY NOTES

1. In the upper right-hand corner, type or print your legal name, Social Security number, complete address and law school you are attending. You may not use a post office box or address outside the United States or U.S. Territories.
2. Under Part B (Stafford Loan and Supplemental Loans for Students) and Part II (Law Access Loan), "Promise to Pay", type or print your full name and the loan amount requested.
3. Carefully read the terms on both the front and back of each appropriate Promissory Note, sign your name and enter the date the Note was signed.

PLEASE READ: When submitting your application, attach completed, signed and dated promissory note(s), IMS documentation (if required) and worksheet (if needed). Review the checklist before submitting materials to your school. Incomplete or illegible applications will cause a delay in processing.

LAW ACCESS 1991-92 APPLICATION

STAFFORD LOAN (GSL) SUPPLEMENTAL LOANS FOR STUDENTS (SLS) THE LAW ACCESS LOAN (LAL)

PLEASE TYPE OR PRINT IN INK

YOU MAY APPLY FOR A LOAN IN YOUR NAME ALONE, REGARDLESS OF YOUR MARITAL STATUS

BORROWER INFORMATION

* Legal Name

Last Name First Name Middle Initial

* Social Security Number

* Telephone Number ( )

* Date of Birth Mo/Day/Yr

* Permanent (U.S.) Address Street Number and Name (PO Box Numbers Not Acceptable)

City State Zip Code

* Driver's License Number State of Issuance

* Citizenship Status
☐ U.S. Citizen/National
☐ Eligible Non-Citizen (Attach Proof of Residency From INS. See Instructions)

* Are You Currently in Default on an Education Loan?
☐ Yes
☐ No

* U.S. Address of Parent/Spouse or Nearest Living Relative

Name

Address

City/State/Zip Code

Telephone Number ( )

U.S. Address of Adult Relative Not Residing at Address to Left

Name

Address

City/State/Zip Code

Telephone Number ( )

* Do you have any educational debts? (e.g. Stafford (GSL), SLS, Perkins (NDSL), private and institutional loans) ☐ No ☐ Yes If Yes, list below

** List all educational debt, by loan type and lender. Include both undergraduate and graduate debt. If more space is needed use attached worksheet. You must complete all of the information requested.

Loan Type	Interest Rate	Name, City and State of Lender	Loan Period Mo/Yr to Mo/Yr	Amount Borrowed	Current Balance

* For what academic period are you requesting the following loan(s)? From Mo/Yr To Mo/Yr

* Loan Amount Requested

Stafford Loan (GSL) ($7,500 Maximum Annual Amount)
$ .00

Supplemental Loans for Students (SLS) ($4,000 Maximum Annual Amount)
$ .00

Law Access Loan (LAL) ($4,000 Maximum Annual Amount)
$ .00

* SLS Deferment Options (Check one)

☐ I wish to defer principal payments and have the interest capitalized while in school

☐ I wish to defer principal payments but pay the interest while in school

☐ I wish to begin repayment of both principal and interest while in school

* I have read, understand, and agree to the terms of the Borrower's Certification printed on the back of this application. I authorize the lender to investigate my creditworthiness, and to furnish information concerning my loan to consumer reporting agencies and other persons who may legally receive such information. The lender is Ameritrust Company National Association, Cleveland, Ohio.

By my signature, I hereby authorize my school to transfer the proceeds of each of my Stafford, Supplemental Loans for Students (SLS) and or Law Access Loan (LAL) disbursements to my student account at my school. I understand that my student account at my school will reflect the credit each time a transfer of the loan proceeds is made. If my lender or school does not participate in the electronic transfer of funds, a check will be sent to my school for each Law Access program disbursement.

Sign Here: Student Signature Today's Date

SCHOOL CERTIFICATION SECTION

ED School Code | Branch Code | School Name | Telephone Number ( )

Loan Period (Mo/Day/Yr) From to

Enrollment Status ☐ Full Time ☐ At Least Half Time

Grade Level ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 ☐ 11 ☐ 12

Expected Graduation Date (Mo/Yr)

Cost of Attendance $ .00

Estimated Financial Aid $ .00

Cost Less Aid $ .00

Expected Family Contribution $ .00

Other Loans for this Period: Stafford (GSL) $ .00 SLS $ .00 Other $ .00

Suggested Disbursement Dates:

	First Disbursement (M/D/Y)	Second Disbursement (M/D/Y)	Third Disbursement (M/D/Y)
Stafford (GSL)			
Supplemental Loans for Students (SLS)			
Law Access Loan (LAL)			

I have read, understand and agree to the School Certification printed on the reverse side of this application.

Signature Date

Print Name Title

LAW ACCESS USE ONLY

LENDER COPY

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Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it asks to supply information.

1. The authority for collecting the information requested on the attached application is found in sections 428(a)(1) and 428(a) of the Higher Education Act of 1965, as amended (20 U.S.C. 1078(a)(1) and 1078(a)). Applicants are advised that the requested information is necessary for participation in the Stafford Loan (Guaranteed Student Loan program (GSL)) and/or the Supplemental Loans for Students program (SLS).

2. The principal purposes of this information are as follows: to verify the identity of the applicant, to determine program eligibility and benefits, to permit servicing of the loan, and, in the event it is necessary, to locate the borrower and to collect on a delinquent or defaulted loan.

3. The routine uses of this information include its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to guarantee agencies, to educational and financial institutions, and to agency contractors, in order to verify the identity of the applicant, to determine program eligibility and benefits, to permit servicing or collecting of the loan, to counsel the borrower in repayment efforts, to investigate possible fraud, to verify compliance with program regulations, to locate a delinquent or defaulted borrower, or to analyze loan program characteristics.

4. Applicants must provide all of the information requested in order to have their application processed.

Section 7(b) of the Privacy Act of 1974 (5 U.S.C. 552a note) requires that when any federal, state, or local government agency requests an individual to disclose his or her Social Security Number (SSN), that individual must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the SSN is solicited, and what uses will be made of it.

Section 7(a)(2) of the Privacy Act provides that an agency may continue to require disclosure of an individual's SSN as a condition for the granting of a right, benefit, or privilege provided by law in cases in which the agency required this disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

Disclosure of the applicant's SSN is required as a condition for participation in the Stafford Loan (GSL) and/or SLS program. The U.S. Department of Education has, for several years, consistently required the disclosure of the SSN on application forms and other necessary documents adopted pursuant to published regulations. Authority for releasing this information is found in Stafford Loan (GSL) regulations, particularly 34CFR682.201 and 682.504(a).

The SSN will be used to verify the identity of the borrower, and as an account number identifier throughout the life of the loan in order to record necessary data accurately. As an identifier, the SSN is used in such program activities as: determining program eligibility; certifying school attendance and student status; determining eligibility for deferment of repayment; determining eligibility for disability or death claims; and for skip tracing and collecting in cases of delinquent or defaulted loans.

Right to Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in connection with the administration of the Stafford Loan (Guaranteed Student Loan program (GSL)) and/or the Supplemental Loans for Students Program (SLS).

Notice

The lender and/or guarantor and/or the Department of Education may report the status of this loan to a credit bureau. Therefore, in order to maintain a good credit rating, it is to your advantage to comply with all the terms of the loan agreement and to meet your responsibilities as a borrower under this program.

Equal Credit Opportunity Act Notice

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act.

The names and addresses of the federal agencies which administer compliance with this law are listed below. During the course of the loan application process, your lender will, upon request, inform you of the proper body which regulates the lender.

A Federal Reserve System
20th Street & Constitution Avenue NW
Washington, D.C. 20551

B Office of the Comptroller of the Currency
Consumer Examination Division
Washington, D.C. 20219

C Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

D Federal Home Loan Bank Board
1700 G Street NW
Washington, D.C. 20552

E National Credit Union Administration
1776 G Street NW
Washington, D.C. 20456

F Federal Trade Commission
6th Street & Pennsylvania Avenue NW
Washington, D.C. 20580

Criminal Penalties 20 U.S.C. 1097(a)

Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds, assets, or property provided or insured under this part shall be fined not more than $10,000 or imprisoned for not more than five years, or both. If the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement or forgery does not exceed $200, the fine shall be not more than $1,000 and imprisonment shall not exceed one year, or both.

Notices

Notice to New York Residents. The lender may obtain a consumer report about you from a consumer reporting agency. Upon your request, you will be informed whether or not the lender obtained a consumer report about you and if so the name and address of the consumer reporting agency that furnished the report. If this application is approved, subsequent consumer reports may be requested or used in connection with an update, renewal or extension of the credit for which you have applied.

Notice to Ohio Residents. The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

Notice to Wisconsin Residents. Wisconsin law provides that no agreement, court order or individual statement applying to marital property will affect a creditor's interest unless prior to the time credit is granted the creditor is furnished with a copy of the agreement, court order, or statement or has actual knowledge of the adverse provision.

Borrower Certification

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct: I, the borrower, certify that the information contained in my application for the Stafford (GSL), SLS, and LAL loan is true, complete and correct to the best of my knowledge and belief and is made in good faith. At my lender's option, under the Stafford (GSL), SLS, and LAL programs, I authorize the lender to make my federal loan check(s) jointly payable to me and my school and the private LAL check payable to me only or to electronically transfer loan funds to my student account at my school. I hereby authorize the school to pay to the lender any refund which may be due me up to the amount of this loan. I further authorize any educational institution that I may attend, LSAS, or the guarantor to release to the lending institution, subsequent holder, or their agents, any requested information pertinent to this loan (e.g. employment, enrollment status, prior loan history, current address). I authorize my lender, LSAS or their agents to advise my educational institution of the status of my application. I also authorize the lender, subsequent holder, their agent, educational institution, LSAS, or the guarantor to make inquiries to or respond to inquiries from my parents or prior or subsequent lenders or holders with respect to my loan application and related documents. I also authorize the lender, subsequent holder, their agent, or the guarantor to release information and make inquiries to the persons I have listed in my loan application as references, for the purpose of learning my current address and telephone number. I also authorize the lender, subsequent holder, their agent, or the guarantor to check my credit and employment history and to answer questions about their credit experience with me. I certify that the proceeds of this loan will be used for educational purposes for the academic period stated in my loan application at the educational institution named on the application. I understand that I am responsible for repaying immediately any funds that I receive which cannot reasonably be attributed to meeting educational expenses related to attendance at the institution for the loan period stated. I certify that the total amount of loans received by me under the Stafford Loan Program (GSL/Piend SLS) Program, Title IV, Part B of the Higher Education Act as amended, will not exceed the allowable maximums. I further certify that I do not now owe a refund on a Pell Grant, Supplemental Educational Opportunity Grant, State Student Incentive Grant, or Byrd Scholarship and am not now in default on a Perkins Loan (formerly NDSL) or a Stafford (GSL), or a Federally Insured Student Loan, Supplemental Loans for Students, PLUS loan, a Consolidation loan, or an Income Contingent Loan received for attendance at any institution. I certify that I am a borrower eligible for participation in the Stafford (GSL), SLS and LAL Programs. I further certify that I have read the materials explaining the federal guaranteed student loan program which have been provided to me and that I understand my responsibilities and my rights under that program.

School Certification

I hereby certify that the student named on this Stafford Loan (GSL), SLS, and LAL application is accepted for enrollment, or is enrolled and in good standing, as at least a half- time student, and is making satisfactory progress in a program determined to be eligible for these loan programs. I further certify that the student has been determined by this institution, under the regulations applicable to these loan programs, to be eligible for the loans applied for. I further certify that based upon records available at this institution and due inquiry to the student, the student has satisfied the requirements under the Selective Service Act necessary to receive financial aid, is not in default on any loan made under any student assistance program identified in 34 CFR Part 668, and is not liable for an overpayment of any grant made under any student assistance program identified in 34 CFR Part 668. I further certify that this institution will comply with all applicable provisions of federal law and the rules, regulations, policies, and procedures of the guarantor(s) in the administration of this loan. The information provided in the borrower and school sections of the application and this School Certification is true, complete, and correct to the best of my knowledge and belief.

LAW ACCESS® 1991-92 STAFFORD LOAN (GSL) PROMISSORY NOTE

My Name
My SSN
My Address
My City/State/Zip

A. IMPORTANT--READ THIS INFORMATION CAREFULLY AND PRINT CLEARLY IN INK
The terms "I", "me", "my", and "mine" refer to the borrower.

1. I will read the Promissory Note before I fill it out. If I have any questions, I will ask the financial aid administrator at my school or contact the Law School Admission Services.
2. When the lender accepts my signed Promissory Note with my application, the lender is not necessarily agreeing to lend me the money. The lender has the right not to make a loan or lend an amount less than the Loan Amount Requested. I will be required to repay only the amount of money that the lender lends. Laws and regulations may not allow the lender to lend me as much as I have asked for.
3. After the guarantor has agreed to guarantee my loan, the lender will send me a Disclosure Statement. The Disclosure Statement will tell me:
   a) the total dollar amount of my loan; b) the interest rate I will pay; c) the dollar amount of the insurance premium I will pay;
   d) loan disbursement date(s); e) repayment terms, if principal not deferred; f) interest payment terms, if principal repayment deferred.
   Some of the terms on my Disclosure Statement may be different from what they are on the Promissory Note. If they are different, the terms on the Disclosure Statement apply instead of what is on this Note. I will review my Disclosure Statement upon receiving it and will contact you if I have any questions.

NOTE: NO SCRATCH-OUTS OR WHITE-OUTS WILL BE ACCEPTED BELOW SECTION A.

B. PROMISE TO PAY

I, _____ promise to pay to the order of the lender, **AMERITRUST COMPANY NATIONAL ASSOCIATION**, or subsequent holder,
(Print your Name as Borrower)

all of the following amounts in full:

1. The entire Loan Amount Requested or such lesser amount as is loaned.

LOAN AMOUNT REQUESTED $ _____.00

2. INTEREST. I agree to pay an amount equivalent to simple interest (as specified in (5)) on the unpaid principal balance from the date of disbursement until the entire principal sum and accrued interest are paid in full.

3. However, the U.S. Secretary of Education ("Secretary") will pay the interest that accrues on this loan prior to repayment status and during any deferment, if it is determined that I qualify to have such payments made on my behalf under the regulations governing the Stafford Loan Program ("GSLP"). If the interest on this loan is payable by the Secretary, neither the lender nor other holder of this Note may attempt to collect this interest from me. I may, however, choose to pay this interest myself.

4. Once the repayment status begins I will be responsible for payment of all interest that accrues on this loan, except for the interest accruing on this loan prior to the repayment period that was payable by the Secretary. The Secretary will pay the interest that accrues during any period described under DEFERMENT in this Promissory Note.

5. The interest rate will be determined according to the following:
a. If I have an outstanding Stafford Loan (Guaranteed Student Loans) ("GSL") on the date I sign this Note, the applicable interest rate will be the same as the applicable interest rate on the outstanding Stafford Loan(s) (GSL(s)).
b. If I have no outstanding Stafford Loans (GSL(s)) but I do have an outstanding balance on any Parent Loans for Students ("PLUS") or Supplemental Loans for Students ("SLS") made for enrollment periods beginning before July 1, 1988 or on any Consolidation loans in which repaid loans made for enrollment periods beginning before that date, the applicable interest rate on this loan will be 8%.
c. If I have no outstanding balance on any Stafford Loan (GSL), PLUS, or SLS made for enrollment period(s) beginning before July 1, 1988 or on any Consolidation loans in which repaid loans made for enrollment periods beginning before that date, the applicable interest rate on this loan will be 8% until the end of the fourth year of my repayment status and will be 10% beginning with the fifth year of my repayment status.

6. The applicable interest rate
a. until the end of the fourth year of my repayment status, and
b. beginning with the fifth year of my repayment status will be identified on the Notice of Disclosure.

7. I may also receive rebates of interest if required by the Higher Education Act of 1965, as amended, when the applicable interest rate is 10%.

8. The lender or other holder of this note may add accrued unpaid interest to the unpaid principal balance (capitalization) of this loan in accordance with the Rules and Regulations and policies of the guarantor.

I understand that if I am eligible for federal interest benefits, the interest will be paid by the Secretary (a) during the period I am in school on at least a half-time basis; (b) during the grace period described in Section E below; and (c) during the time my loan payments are deferred as allowed by Section L below.

9. THE INSURANCE PREMIUM. The guarantor may charge a premium to guarantee my loan. The amount, if any, is governed by current law, applicable regulations and the guarantor's policy and Rules and Regulations. The insurance premium will be deducted proportionately from each disbursement. I understand that this charge is not subject to refund except for the amount attributable to any disbursement I do not receive, which refund will, at the lender's option, be applied to my loan balance or be returned to me. My loan disclosure statement will show the actual insurance premium charged.

10. THE ORIGINATION FEE. The origination fee will be deducted from the proceeds of the loan. The fee is determined by federal law and will be reflected on my disclosure statement. The origination fee will be deducted proportionately from each disbursement.

Origination fees may be refunded, pro rata, on undisbursed amounts, if the loan is repaid in full within 120 days of disbursement, if the loan check is not cashed within 120 days of disbursement, or if the check is returned to the lender uncashed.

C. DISCLOSURE OF LOAN INFORMATION

I understand that on or before I receive my first loan disbursement, my lender will send me a loan disclosure statement that identifies all the terms of my loan.

D. GENERAL

I understand that the lender has applied for guarantee coverage of this loan through a national guarantor and because of this, the loan is subject to, and the terms of this Promissory Note will be interpreted in accordance with, Title IV, Part B of the Higher Education Act of 1965, as amended, ("the Act"), federal regulations adopted under the Act, and the Rules and Regulations of the guarantor. To the extent not governed by federal law, this Note shall be governed by the laws of the jurisdiction in which the lender is located.

E. REPAYMENT

I will repay this loan in periodic installments during a repayment period that will begin no later than the end of my grace period.

However, during the grace period I may request that the repayment period begin earlier. The grace period begins when I cease to carry at least one-half the normal academic workload at a school that is participating in the Stafford Loan Program (GSLP). The Disclosure Statement will identify the length of my grace period.

1. I will repay this loan over a repayment period that generally lasts at least 5 years but no more than 10 years. However, the following exceptions to these rules apply:
a. If, during the grace period, I request a shorter repayment period, the lender may grant me a shorter period, in that event, I may later choose to have the repayment period extended to 5 years.
b. The lender may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period(s) -- or, if both my spouse and I have Stafford (GSL), PLUS, SLS, or Consolidation program loans outstanding, we pay toward principal and interest at least $600 or the unpaid principal of all such loans (plus interest), whichever is less.
c. If I qualify for postponement of my payments during any period described under Deferment in this Note, or if the lender grants "forbearance" as allowed by the Act, those periods will not be included in the 5- and 10-year periods mentioned above.

2. I must contact the lender prior to expiration of my grace period to negotiate the terms of repayment. If I neglect to do so, I hereby authorize the lender to establish repayment terms within the guidelines set forth in Paragraph 1 of this Section, without my further approval; however, the lender must inform me of these terms in writing at the latest address that I have provided to the lender.

3. The particular terms and conditions of repayment that apply to this loan will be set forth in a separate document that the lender will provide to me before the repayment period begins.

4. My obligation to repay this loan shall be cancelled if I become totally and permanently disabled or die.

F. PREPAYMENT

At my option and without penalty, I may prepay at any time all or any part of the unpaid principal balance of this Note; in the event of prepayment, I will be entitled to a refund of any unearned interest that I have paid. The amount of any such rebate will be computed by the same method by which interest payments were computed.

SEE ADDITIONAL PROVISIONS ON THE REVERSE SIDE OF THIS NOTE.

NOTICE TO BORROWER

(a) DO NOT SIGN THIS NOTE BEFORE YOU READ ALL OF ITS PROVISIONS, INCLUDING THE PROVISIONS PRINTED ON THE REVERSE SIDE.
(b) YOU ARE ENTITLED TO A COPY OF THIS NOTE.
(c) YOU MAY PREPAY THE UNPAID BALANCE AT ANY TIME WITHOUT PENALTY.
(d) IF YOU HAVE ANY QUESTIONS OR WISH TO CANCEL THIS LOAN, CONTACT YOUR LENDER.
(e) BY SIGNING THIS NOTE, YOU ARE AGREEING TO THE BORROWER'S CERTIFICATION ON THE REVERSE SIDE OF THIS NOTE.

X _____
Borrower's Signature Today's Date

LAW ACCESS® PROGRAM (1991-92)

LENDER COPY

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G. FORBEARANCE

If I am unable to repay the loan in accordance with the terms established under Repayment in this Note, I may request the lender to modify these terms. I understand that such modification would have to be in compliance with the Act, federal regulations adopted under the Act and the Rules and Regulations of the guarantor. I understand that a modification of repayment terms under this Section is different from Deferment (as described in this Note) and that during this period I will remain responsible for payment of interest, which the lender may (a) collect from me on a periodic basis or (b) add to the principal balance of this loan.

H. DEFAULT

1. Definition– I understand that under the Act, and the Guarantor Rules and Regulations, any of the following events is a default:
   a. failing to make any installment payment when due, provided that this failure persists for 180 days for a loan repayable in monthly installments or 240 days for a loan repayable in less frequent installments;
   b. making any false representation for the purpose of obtaining this loan;
   c. using the loan proceeds for other than educational purposes;
   d. failing to enroll in the school that completed the application for the time identified as my loan period;
   e. not notifying the lender immediately if I (a) drop to less than a half- time student, (b) change my graduation date, (c) change my name, or (d) change my permanent address.
2. Consequences of default– if I default on this loan:
   a. The lender may declare the entire unpaid amount of the loan, including interest, immediately due and payable.
   b. The lender, holder, or guaranty agency may disclose to LSAS and schools I have attended (or am currently attending) information about the default.
   c. I will be ineligible to receive assistance from the following programs: Pell Grant, Supplemental Educational Opportunity Grant, College Work Study, State Student Incentive Grant, Paul Douglas Scholarship, Byrd Scholarship, Perkins Loan, (formerly called National Direct Student Loan), Stafford Loan (Guaranteed Student Loan (GSL)), Supplemental Loans for Students (SLS), PLUS loan, or Income Contingent Loan.
   d. I will be ineligible for the benefits described under Repayment and Deferment in this Note.
   e. I will also pay all charges and other costs, including reasonable attorney's fees, that are permitted by law and regulations for the collection of these amounts. If this loan is referred for collection to an agency that is subject to the Fair Debt Collection Practices Act, I will pay collection costs not to exceed 25 percent of the unpaid principal and accrued interest. Declaring these amounts immediately due and payable is at the option of the lender, which it may do only after complying with applicable notice and other requirements of law. Failure to exercise this option does not constitute a waiver of the lender's right to exercise the option at a later date.
   f. The lender may assign this Note to the guarantor. I will then be required to pay the guarantor all amounts owed.

I. LATE CHARGES

If permitted by law, the lender may collect from me a late charge if I fail to pay all or part of a required installment payment within 10 days after it is due or if I fail to provide written evidence that verifies my eligibility to have the payment deferred as described under Deferment in this Note. A late charge may not exceed 6 cents for each dollar of each late installment.

J. CREDIT BUREAU NOTIFICATION

Information concerning the amount of this loan and its repayment will be reported to one or more credit bureau organizations. If I default on this loan, the lender, holder or guaranty agency will also report the default to credit bureau organizations. This may significantly and adversely affect my ability to obtain other credit. The lender, holder or guaranty agency must notify me at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless I enter into repayment on the loan within the 30 days. The lender must provide a timely response to a request from any credit bureau organization regarding objections I might raise with that organization about the accuracy and completeness of information reported about me.

K. EFFECT OF RECEIPT OF STUDENT LOANS ON OTHER FINANCIAL AID

I should investigate the availability of other forms of financial aid with the school's financial aid administrator. Before I receive a loan, the school must determine my eligibility or ineligibility for a Pell Grant. It may also be to my benefit to determine my eligibility for grants, work- study and other sources of my assistance **before** applying for a student loan. I understand that receipt of a Stafford Loan (GSL) will affect the amount of any awards that I may receive from other programs, except the Pell Grant Program.

L. DEFERMENT OF REPAYMENT

I understand that in certain instances authorized by the Act the payments I am required to make, as described under Repayment in this Note, may be deferred. The instances currently authorized by the Act are described below. To obtain such deferment, I agree to comply with the relevant federal regulations and the Rules and Regulations of the guarantor, including, without limitation, submission of required forms to the lender.

I may defer payment of principal on my loan after the repayment period begins under any of the following circumstances:

1. While I am engaged in:
   a. Full- time study at a school that is participating in the Stafford Loan Program (GSLP), unless I am engaged in a medical internship/ residency program or I am not a national of the United States and am studying at a school not located in the United States;
   b. Full- time study at an institution of higher education or a vocational school that is operated by an agency of the United States government (e.g. the service academies), unless I am engaged in a medical internship/ residency program or I am not a national of the United States and am studying at a school not located in the United States;
   c. An eligible graduate fellowship program; or
   d. An eligible rehabilitation training program for disabled individuals.
2. For periods not exceeding 36 months (for each of the following) while I am –
   a. On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service;
   b. Serving as a volunteer under the Peace Corps Act, if I have agreed to serve for a term of at least one year;
   c. Serving as a full- time volunteer under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs), if I have agreed to serve for a term of at least one year;
   d. Performing full- time volunteer service, which the Secretary of Education has determined is comparable to service in the Peace Corps or ACTION programs, for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or
   e. Temporarily totally disabled, as certified by a qualified physician, or unable to secure employment because I am caring for a spouse or other dependent who is temporarily totally disabled, as established by a sworn affidavit of a qualified physician.
3. For periods not exceeding 24 months (for each of the following) while I am –
   a. Serving in an eligible internship program; or
   b. Serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers post graduate training; or
   c. Conscientiously seeking but unable to find full- time employment in the United States.
4. For periods not exceeding 6 months when I am pregnant or caring for a newborn child or caring for a child immediately following the placement of the child through adoption, provided I am not attending a school and am not gainfully employed. To qualify for this deferment, I must have been enrolled at least half- time in a school participating in the Stafford Loan Program (GSLP) within the six- month period immediately preceding the beginning date of the deferment.

In addition to the above deferments, if I am a "new borrower" (as defined below), I may also request deferments of payment of principal on my loan after the repayment period begins, under any of the following circumstances:

5. While I am engaged in at least half- time study at a school that is participating in the Stafford Loan Program (GSLP), unless I am engaged in a medical internship/ residency program or I am not a national of the United States. If I receive a loan under the Stafford Loan Program (GSLP) or SLS program for the enrollment period.
6. For periods not exceeding 36 months (for each of the following) while I am –
   a. On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service; or an active duty member of the National Oceanic and Atmospheric Administration Corps; or
   b. Engaged as a full- time teacher in a public or nonprofit private elementary or secondary school in a teacher shortage area as defined by the Secretary of Education.
7. For periods totaling not in excess of 12 months if I am a mother with preschool age children, am entering or reentering the work force, and am being paid at a rate that is no more than $1.00 above the minimum hourly wage prescribed by the Fair Labor Standards Act of 1938.

A "new borrower" is one who has no outstanding balance on a Stafford (GSL), PLUS, SLS or Consolidation Loan on the date he or she signs the Promissory Note for a loan to cover periods of enrollment beginning on or after July 1, 1987, or disbursed on or after July 1, 1987.

To receive a deferment, I must request the deferment and provide my lender with all documentation required to establish my eligibility as set forth in the regulations governing the Stafford Loan Program (GSLP). I understand that I must notify my lender when the condition entitling me to the deferment no longer exists.

M. TRANSFER OF NOTE

This Note may be transferred to a holder other than the lender. Such transfer shall not affect the rights and responsibilities of the parties as set forth herein. This Note is not intended to be a negotiable instrument, and a subsequent holder of this Note cannot be a holder in due course. The lender will notify me of any such transfer in writing.

BORROWER STAFFORD LOAN CERTIFICATION

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct: I, the borrower, certify that the information contained in my application for the Stafford (GSL), SLS, and LAL loan is true, complete and correct to the best of my knowledge and belief and is made in good faith. At my lender's option, under the Stafford (GSL), SLS, and LAL programs, I authorize the lender to make my federal loan check is jointly payable to me and my school and the LAL check payable to me only or to electronically transfer loan funds to my student account at my school. I hereby authorize the school to pay to the lender any refund which may be due me up to the amount of this loan. I further authorize any educational institution that I may attend, LSAS, or the guarantor to release to the lending institution, subsequent holder, or their agents, any requested information pertinent to this loan (e.g. employment, enrollment status, prior loan history, current address). I also authorize the lender, subsequent holder, their agent, educational institution, LSAS, or the guarantor to make inquiries to or respond to inquiries from my parents or prior or subsequent lenders or holders with respect to my loan application and related documents. I also authorize the lender, subsequent holder, their agent, or the guarantor to release information and make inquiries to the persons I have listed in my loan application as references, for the purpose of learning my current address and telephone number. I also authorize the lender, subsequent holder, their agent, or the guarantor to check my credit and employment history and to answer questions about their credit experience with me. I certify that the proceeds of this loan will be used for educational purposes for the academic period stated in my loan application at the educational institution named on the application. I understand that I am responsible for repaying immediately any funds that I receive which cannot reasonably be attributed to meeting educational expenses related to attendance at the institution for the loan period stated. I certify that the total amount of loans received by me under the Stafford (GSL) Loan Program and SLS Program, Title IV, Part B of the Higher Education Act as amended, will not exceed the allowable maximums. I further certify that I do not owe a refund on a Pell Grant, Supplemental Educational Opportunity Grant, State Student Incentive Grant, Paul Douglas or Byrd Scholarship and am not now in default on a Perkins Loan (formerly NDSL), or a Guaranteed Student Loan, or a Federally insured Student Loan, Supplemental Loans for Students, a PLUS loan, a Consolidation Loan, or an Income Contingent Loan received for attendance at any institution. I certify that I am a borrower eligible for participation in the Stafford (GSL), SLS and LAL Programs. I further certify that I have read the material explaining the federal guaranteed student loan program which have been provided to me and that I understand my responsibilities and my rights under that program.

LAW ACCESS® 1991-92 SUPPLEMENTAL LOANS FOR STUDENTS (SLS) PROMISSORY NOTE

My Name	
My SSN	
My Address	
My City/ State/ Zip	

A. IMPORTANT--READ THIS INFORMATION CAREFULLY AND PRINT CLEARLY IN INK

The terms "I", "me", "my", and "mine" refer to the borrower.

1. I will read the Promissory Note before I fill it out. If I have any questions, I will ask the financial aid administrator at my school or contact the Law School Admission Services.
2. When the lender accepts my signed Promissory Note with my application, the lender is not necessarily agreeing to lend me the money. The lender has the right not to make a loan or lend an amount less than the Loan Amount Requested. I will be required to repay only the amount of money that the lender lends. Laws and regulations may not allow the lender to lend me as much as I have asked for.
3. After the guarantor has agreed to guarantee my loan, the lender will send me a Disclosure Statement. The Disclosure Statement will tell me:
   a) the total dollar amount of my loan; b) the interest rate I will pay; c) the dollar amount of the insurance premium I will pay;
   d) loan disbursement date(s); e) repayment terms, if principal not deferred; f) interest payment terms, if principal repayment deferred.

Some of the terms on my Disclosure Statement may be different from what they are on the Promissory Note. If they are different, the terms on the Disclosure Statement apply instead of what is on this Note. I will review my Disclosure Statement upon receiving it and will contact you if I have any questions.

NOTE: DO NOT SIGN OR DATE [illegible]

B. PROMISE TO PAY

I, _____ promise to pay to the order of the lender, **AMERITRUST COMPANY NATIONAL ASSOCIATION**, or subsequent holder, all of the following amounts in full.

(Print your Name as Borrower)

1. The entire Loan Amount Requested or such lesser amount as is loaned.

LOAN AMOUNT REQUESTED $ 00

2. Interest. The interest will be equivalent to interest on the Loan Amount shown on the front of the application at a variable rate not to exceed 12 percent per year. The interest rate will be determined annually and will be disclosed to me prior to disbursement of my loan. The interest rate for any 12 month period will be the rate published for that period by the U.S. Department of Education for variable rate SLS loans.

3. Insurance Premium. I agree to pay the lender an amount equal to the insurance premium that the lender is required to pay the guarantor for the guarantee of this loan. The amount, if any, will be deducted proportionately from each disbursement. I understand that this charge is not subject to refund except for the amount attributable to any disbursement I do not receive, which refund will, at the lender's option, be applied to my loan balance or be returned to me. My loan disclosure statement will show the actual insurance premium charged.

C. DISCLOSURE OF LOAN INFORMATION

I understand that on or before I receive my loan disbursement, my lender will send me a loan disclosure statement that identifies all the terms of my loan.

D. GENERAL

The loan is subject to and the terms of this Promissory Note will be interpreted in accordance with Title IV, Part B of the Higher Education Act of 1965, as amended ("the Act"), federal regulations adopted under the Act and the Rules and Regulations of the guarantor. To the extent not governed by federal law, this Note shall be governed by the laws of the jurisdiction in which the lender is located.

E. REPAYMENT

1. I understand I can either defer payments while in school or begin repayment immediately.

By law, the repayment period on this loan begins when the loan is disbursed with the first payment due within 60 days of disbursement. However, during the period of deferment, interest shall, at my lender's option, and in accordance with the terms and conditions on the disclosure statement:

a. be paid by the in installments, or

b. accrue and be added to the principal amount of the loan (capitalized), at repayment, in accordance with laws and regulations governing the SLS program. I will contact the lender prior to expiration of the period of deferment to negotiate the terms of repayment, if I neglect to do so, I authorize the lender to establish repayment terms within the guidelines set forth in Paragraph 2 of this Section, without my further approval; however, my lender must inform me of the terms in writing, at the latest address which I have provided to the lender.

2. I will repay this loan within 10 years of the date of this Note, over a repayment period that generally lasts at least 5 years but no more than 10 years. However, the following exceptions to these rules apply:

a. The lender may require a repayment period shorter than 5 years if this is necessary to ensure that during each year of the repayment period I--or, if both my spouse and I have Stafford (GSL), PLUS, SLS, or Consolidation program loans outstanding, we-- pay toward principal and interest at least $600 or the unpaid principal balance of all such loans (plus interest), whichever is less.

b. If I qualify for any deferment period described under Deferment in this Note, or if the lender grants "forbearance", those periods will not be included in the 5- and 10-year periods mentioned above.

3. The particular terms and conditions of repayment that apply to this loan will be set forth in the loan disclosure statement that the lender will provide to me.

4. My obligation to repay this loan shall be cancelled if I die or become totally and permanently disabled.

F. PREPAYMENT

At my option and without penalty, I may prepay all any time all or any part of the unpaid principal balance of this Note. In the event of prepayment, I will be entitled to a refund of any unearned interest which I have paid. The amount of any such rebate will be computed by the same method by which interest payments were computed.

G. FORBEARANCE

If I am unable to repay this loan in accordance with the terms established under this payment in this Note, I may request the lender to modify these terms. I understand that such modification would have to be in compliance with the Act, federal regulations adopted under the Act and the Rules and Regulations of the guarantor. I understand that a modification of repayment terms under this Section is different from Deferment as described in this Note only that during this period I will remain responsible for payment of interest, which the lender may (a) collect from me on a periodic basis or (b) add to the principal balance of this loan.

H. DEFAULT

1. Definition-- I understand that under the Act, and the guarantor Rules and Regulations, any of the following events is a default:

a. failing to make any installment payment when due, provided that this failure persists for 180 days for a loan repayable in monthly installments or 240 days for a loan repayable in less frequent installments;

b. making any false representation for the purpose of obtaining this loan;

c. using the loan proceeds for other than educational purposes;

d. failing to enroll in the school that completed the application for the time identified as my loan period;

e. not notifying the lender immediately if I (a) drop to less than a half- time student, (b) change my graduation date, (c) change my name, or (d) change my permanent address.

2. Consequences of default--if I default on this loan:

a. The lender may declare the entire unpaid amount of the loan, including interest, immediately due and payable.

b. The lender, holder or guaranty agency may disclose to LSAS and schools I have attended (or am currently attending) information about the default.

c. I will be ineligible to receive assistance from the following programs: Pell Grant; Supplemental Educational Opportunity Grant; College Work- Study; State Student Incentive Grant; Paul Douglas Scholarship; Byrd Scholarship; Perkins Loan (formerly called National Direct Student Loan); Stafford Loan (Guaranteed Student Loan (GSL)); Supplemental Loans for Students (SLS); PLUS loan; or Income Contingent Loan;

d. I will be ineligible for the benefits described under Repayment and Deferment in this Note;

e. I will also pay all charges and other costs, including reasonable attorney's fees, that are permitted by law and regulations for the collection of these amounts. If this loan is referred for collection to an agency that is subject to the Fair Debt Collection Practices Act, I will pay collection costs not to exceed 25 percent of the unpaid.

SEE ADDITIONAL PROVISIONS ON THE REVERSE SIDE OF THIS NOTE

NOTICE TO BORROWER

(a) DO NOT SIGN THIS NOTE BEFORE YOU READ ALL OF ITS PROVISIONS, INCLUDING THE PROVISIONS PRINTED ON THE REVERSE SIDE.
(b) YOU ARE ENTITLED TO A COPY OF THIS NOTE.
(c) YOU MAY PREPAY THE UNPAID BALANCE AT ANY TIME WITHOUT PENALTY.
(d) IF YOU HAVE ANY QUESTIONS OR WISH TO CANCEL THIS LOAN, CONTACT YOUR LENDER.
(e) BY SIGNING THIS NOTE, YOU ARE AGREEING TO THE BORROWER'S CERTIFICATION ON THE REVERSE SIDE OF THIS NOTE.

X
Borrower's Signature Today's Date

LAW ACCESS® PROGRAM (1991-92)

LENDER COPY

principal and accrued interest. Declaring these amounts immediately due and payable is at the option of the lender, which it may do only after complying with applicable notice and other requirements of law. Failure to exercise this option does not constitute a waiver of the lender's right to exercise the option at a later date.

7. The lender may assign this Note to the guarantor. I will then be required to pay the guarantor all amounts owed.

I. LATE CHARGES

If permitted by law, the lender may collect from me a late charge if I fail to pay all or part of a required installment payment within 10 days after it is due or if I fail to provide written evidence that verifies my eligibility to have the payment deferred as described under Deferment in this Note. A late charge may not exceed 6 cents for each dollar of each late installment.

J. CREDIT BUREAU NOTIFICATION

Information concerning the amount of this loan and its repayment will be reported to one or more credit bureau organizations. If I default on this loan, the lender, holder or guaranty agency will also report the default to credit bureau organizations. This may significantly and adversely affect my ability to obtain other credit.

The lender, holder or guaranty agency must notify me at least 30 days in advance that information about the default will be disclosed to credit bureau organizations unless I enter into repayment on the loan within the 30 days.

The lender must provide a timely response to a request from any credit bureau organization regarding objections I might raise with that organization about the accuracy and completeness of information reported about me.

K. DEFERMENT OF REPAYMENT

In certain instances authorized by the Act, the payments of principal I am required to make as described under Repayment in this Note may be deferred. If I seek such deferment, I agree to comply with the relevant federal regulations and the Rules and Regulations of the guarantor, including without limitation submission of required forms to the lender. I will remain responsible for payment of interest during any period of deferment which my lender may: (a) collect on a periodic basis or (b) add to the principal balance of the loan.

I may defer payment of principal on my loan after the repayment period begins under one of the following circumstances:

1. While engaged in -

a. Full-time study at a school that is participating in the Stafford Loan Program (GSLP), unless I am engaged in a medical internship/ residency program or I am not a national of the United States and am studying at a school not located in the United States.

b. Full-time study at an institution of higher education or a vocational school that is operated by an agency of the United States government (e.g., the service academies), unless I am engaged in a medical internship/ residency program or I am not a national of the United States and studying at a school not located in the United States.

c. An eligible graduate fellowship program, or

d. An eligible rehabilitation training program for disabled individuals.

2. For periods not exceeding 36 months (for each of the following) while I am -

a. On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service.

b. Serving as a volunteer under the Peace Corps Act, if I have agreed to serve for a term of at least one year.

c. Serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs), if I have agreed to serve for a term of at least one year.

d. Performing full-time volunteer service, which the Secretary of Education has determined is comparable to service in the Peace Corps or ACTION programs, for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or

e. Temporarily totally disabled, as established by a sworn affidavit of a qualified physician, or unable to secure employment because I am caring for a spouse or other dependent who is temporarily totally disabled, as established by a sworn affidavit of a qualified physician.

3. For periods not exceeding 24 months (for each of the following) while I am -

a. Serving in an eligible internship program, or

b. Serving in an eligible internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers post graduate training, or

c. Unemployed seeking but unable to find full-time employment in the United States.

4. For periods not exceeding 6 months when I am pregnant or caring for a newborn child or caring for a child immediately following the placement of the child through adoption, provided I am not attending school and am not gainfully employed. In order to qualify for this deferment, I must have been enrolled at least half- time in a school participating in the Stafford Loan Program (GSLP), within the six month period immediately preceding the beginning date of the deferment.

In addition to the above deferments, if I am a "new borrower" (as defined below), I may also request, in addition to the above, deferments of payment of principal on my loan after the repayment period begins under any of the following circumstances:

5. While I am engaged in at least half- time study at a school that is participating in the Stafford Loan Program (GSLP), unless I am engaged in a medical internship/ residency program or I am not a national of the United States and am studying at a school not located in the United States, if I receive a loan under the Stafford Loan (GSL) or SLS program for the enrollment period.

6. For periods not exceeding 36 months (for each of the following) while I am -

a. On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service, or an active duty member of the National Oceanic and Atmospheric Administration Corps; or

b. Engaged as a full- time teacher in a public or private nonprofit elementary or secondary school in a teacher shortage area as defined by the Secretary of Education.

7. For periods totaling not in excess of 12 months if I am a mother with preschool age children, am entering or reentering the work force, and am being paid at a rate no more than $1.00 above the minimum hourly wage prescribed by the Fair Labor Standards Act of 1938.

A "new borrower" is one who has no outstanding balance on a Stafford Loan (GSL), PLUS, SLS (formerly ALAS) or Consolidation Loan on the date he or she signs the Promissory Note for a loan to cover periods of enrollment beginning on or after July 1, 1987 or for a loan disbursed on or after July 1, 1987.

In order to receive a deferment, I must request the deferment and provide my lender with all documentation required to establish my eligibility (as set forth in the regulations governing the Stafford Loan Program (GSLP)). I must notify my lender when the condition entitling me to the deferment no longer exists.

L. TRANSFER OF NOTE

This Note may be transferred to a holder other than this lender. Such transfer shall not affect the rights and responsibilities of the parties, as set forth herein. This Note is not intended to be a negotiable instrument, and a subsequent holder of this Note cannot be a holder in due course. The lender will notify me of any such transfer in writing.

BORROWER SLS CERTIFICATION

I declare under penalty of perjury under the laws of the United States of America that the following is true and correct: I, the borrower, certify that the information contained in my application for the Stafford (GSL), SLS, and LAL loan is true, complete and correct to the best of my knowledge and belief and is made in good faith. At my lender's option, under the Stafford (GSL), SLS, and LAL programs, I authorize the lender to make my federal loan check(s) jointly payable to me and my school and the private LAL check payable to me only or to electronically transfer loan funds to my student account at my school. I hereby authorize the school to pay to the lender any refund which may be due me up to the amount of this loan. I further authorize any educational institution that I may attend, LSAS, or the guarantor to release to the lending institution, subsequent holder, or their agents, any requested information pertinent to this loan (e.g. employment, enrollment status, prior loan history, current address). I also authorize the lender, subsequent holder, their agent, educational institution, LSAS, or the guarantor to make inquiries to or respond to inquiries from my parents or prior or subsequent lenders or holders with respect to my loan application and related documents. I also authorize the lender, subsequent holder, their agent, or the guarantor to release information and make inquiries to the persons I have listed in my loan application as references, for the purpose of learning my current address and telephone number. I also authorize the lender, subsequent holder, their agent, or the guarantor to check my credit and employment history and to answer questions about their credit experience with me. I certify that the proceeds of this loan will be used for educational purposes for the academic period stated in my loan application at the educational institution named on the application. I understand that I am responsible for repaying immediately any funds that I receive which cannot reasonably be attributed to meeting educational expenses related to attendance at the institution for the loan period stated. I certify that the total amount of loans received by me under the Stafford Loan (GSL) and SLS Programs, Title IV, Part B of the Higher Education Act as amended, will not exceed the allowable maximums. I further certify that I do not now owe a refund on a Pell Grant, Supplemental Educational Opportunity Grant, State Student Incentive Grant, Paul Douglas or Byrd Scholarships and am not now in default on a Perkins Loan (formerly NDSL), or a Stafford Loan (GSL), or a Federally Insured Student Loan, Supplemental Loans for Students, a PLUS loan, a Consolidation loan, or an Income Contingent Loan received for attendance at any institution. I certify that I am a borrower eligible for participation in the Stafford (GSL), SLS and LAL Programs. I further certify that I have read the materials explaining the federal guaranteed student loan program which have been provided to me and that I understand my responsibilities and my rights under that program.

LAW ACCESS® 1991-92 LOAN (LAL) PROMISSORY NOTE

My Name
My Social Security No.
My Address
My City/State/Zip
My Law School

In this Note the words "I", "me", "my" and "mine" mean the undersigned borrower. "You", "your" and "yours" mean AmeriTrust Company National Association and any other holder of this Promissory Note.

I. IMPORTANT -- READ THIS INFORMATION CAREFULLY

1. When you receive my signed Promissory Note with my application, you are not agreeing to lend me money. You will not have agreed to lend me money and will not be obligated on this Promissory Note until you mail a loan check or electronically transfer the loan funds to my school for me. You have the right not to make a loan or to lend an amount less than the Loan Amount Requested. I agree to accept an amount less than the Loan Amount Requested and to repay that portion of the Loan Amount Requested that you actually lend to me.
2. After The Education Resources Institute, Inc. (hereinafter referred to as "TERI") agrees to guarantee any loan you agree to make to me, you will send me a Disclosure Statement. In addition to other information, the Disclosure Statement, which I agree shall be incorporated in and made a part of this Note, will tell me the amount of my disbursement and the amount of your origination fee and the guaranty fee.
3. I will review my Disclosure Statement upon receiving it and will contact you if I have any questions.

NOTE: NO SCRATCH-OUTS OR WHITE-OUTS WILL BE ACCEPTED BELOW SECTION I.

II. PROMISE TO PAY

I _____ promise to pay to your order on the terms of this Promissory Note all of the principal sum of $ _____.00
(Print your Name as Borrower) Loan Amount Requested

to the extent it is advanced to me and as set out below, interest on the principal sum to the extent it is advanced to me, interest on any unpaid accrued interest added to the principal balance, late charges, and, in the event of default, costs of collection and reasonable attorney's fees.

III. DEFINITIONS

1. Disbursement Date -- The "Disbursement Date" is the date on which you lend money to me in consideration for my Promissory Note and will be the date shown on my loan check or the date the loan funds are electronically transferred to my student account at my law school.
2. Interim Period -- The "Interim Period" will begin on the initial Disbursement Date and will end on the earlier of the following dates:
   (a) Six months after I cease to be enrolled (for any reason other than graduation) in at least half-time study at the law school named above or any other law school participating in the Law Access Loan program; or
   (b) Six months after I graduate from the law school listed above or any other law school participating in the Law Access Loan program.
3. Repayment Period -- The "Repayment Period" will begin on the day after the Interim Period ends and will continue for 180 months.
4. Statement Period -- I will receive statements on my loan at the address shown on your records (see Paragraph XIII, Notices). The period of time covered by a statement is called a "Statement Period." During the Interim Period, I will receive quarterly statements on my loan. The quarterly statements will cover Statement Periods beginning on the Disbursement Date and thereafter on the first day of each January, April, July and October. During the Repayment Period I will receive monthly statements on my loan. The monthly statements will cover Statement Periods beginning on the first day of the Repayment Period and on the same day of each following month.

IV. INTEREST

1. Accrual -- Interest on this Promissory Note will accrue at the Variable Rate. Interest begins to accrue on the Disbursement Date and will continue to accrue until the principal is paid in full. Interest will accrue on the unpaid principal sum to the extent it is advanced to me and on unpaid accrued interest added to the principal balance in accordance with Paragraph V.1. Interest will be calculated on the basis of the actual number of days in the year and the actual number of days elapsed including holidays and days on which you are not open for the conduct of banking business. **If I am obligated to pay interest during the Interim Period but fail to do so, you may at your option, add such interest to the principal balance of the loan at repayment.**
2. Variable Rate -- The Variable Rate is equal to 3.25 percentage points plus the Current Index, but in no event more than the maximum rate allowable under applicable law. The Variable Rate will change quarterly on the first day of each January, April, July and October (the "Change Date(s)") if the Current Index changes. The "Current Index" for any calendar quarter beginning on a Change Date (or for any shorter period beginning on the Disbursement Date and ending on the first Change Date) is the most recent Index as of the Cha[illegible]ter the Index is the average bond equivalent rate of the final [illegible] or 91 day United States Treasury Bills during the previous calendar quarter. (The bond equivalent rate of the weekly auction average for 91 day United States Treasury Bills is published by the Federal Reserve Board in Statistical Release# H.15(519), under the designation "Auction Average (Investment) -- 3 month.") If the Index is no longer available, you will choose a comparable substitute.

V. TERMS OF REPAYMENT

1. Interim Period -- I am not required to make payments during the Interim Period. You will add unpaid accrued interest to the principal balance of the loan at repayment. I may, however, make payments of interest which accrues during the Interim Period in the amounts and on the payment due dates shown on my quarterly statements.
2. Repayment Period -- I will make consecutive monthly payments in the amounts and on the payment due dates shown on my monthly statements until I have paid all of the principal and interest and any other charges I may owe under this Promissory Note.
3. Repayment Terms -- I will repay my loan in consecutive monthly installments of principal and interest calculated each Change Date to equal the amount necessary to amortize the unpaid principal balance (including capitalized interest) of my loan (as of the date of calculation) in equal monthly installments of principal and interest at the Variable Rate then in effect over the number of months remaining in the Repayment Period.
4. Amounts Owing at the End of the Repayment Period -- Since interest accrues daily upon the unpaid principal balance of my loan, if I make payments after my payment due dates, I may owe additional interest. If I have not paid my late charges, I will also owe additional amounts for those late charges. In such case you will increase the amount of my last monthly payment to the amount necessary to repay my loan in full.
5. Minimum Repayment -- Notwithstanding paragraph V.3, I agree to pay at least $50 each month (principal and interest) or the unpaid balance, whichever is less.

VI. LATE CHARGES

If permitted by law (which shall include the law of New Jersey), I will pay a late charge if I fail to make any part of an installment payment within 15 days after it becomes due. I will pay only one late charge for an installment payment, regardless of the number of days it is late. A late charge may not exceed the lesser of $5.00 or 5% of the unpaid amount of the installment.

VII. PREPAID FINANCE CHARGES

1. Guaranty Fee -- I will pay a guaranty fee to you, a portion of which you will forward to TERI to pay for its guarantee of this Promissory Note. The amount of this guaranty fee will be identified on my Disclosure Statement.
2. Origination Fee -- I will pay an origination fee to you equal to .25% of the amount of each disbursement. (If I reside in Louisiana, the origination fee will not exceed $25.00.)
3. Deducted from Disbursements -- At the time you issue any disbursement, you will deduct the guaranty fee and origination fee from the disbursement. If you do not withhold a fee from the proceeds of the loan and I have not already paid that fee, I agree to pay it when you bill me for it. I will not be entitled to any refund of any guaranty fee or origination fee.

VIII. RIGHT TO PREPAY

I have the right to prepay all or any part of my loan at any time without penalty.

(PLEASE TURN OVER -- CONTINUED ON REVERSE SIDE)

I WILL NOT SIGN THIS PROMISSORY NOTE BEFORE READING BOTH SIDES OF IT. EVEN IF OTHERWISE ADVISED, I WILL NOT SIGN THIS PROMISSORY NOTE IF IT CONTAINS ANY BLANK SPACES. BY SIGNING THIS PROMISSORY NOTE, I ACKNOWLEDGE THAT I HAVE READ IT. IT CONTAINS NO BLANK SPACES AND THAT I HAVE RECEIVED AN EXACT COPY. I HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS PROMISSORY NOTE WITHOUT PENALTY.

_____ _____
Borrower's Signature Date Signed

AMERITRUST COMPANY NATIONAL ASSOCIATION
900 Euclid Avenue, Cleveland, Ohio 44101

By _____
Randall M. Behm, Vice President

LAW ACCESS® PROGRAM (1991-92) **LENDER COPY**

(Continued from other side)

IX. DEFERMENT OF REPAYMENT

My payments will be scheduled to be made in consecutive monthly installments as set forth in Paragraph V.3. I understand that in certain instances the payments I am required to make, as described under Paragraph V of this Promissory Note, may be deferred for a period not to exceed three months. The instances are described below. To obtain such deferment I agree to comply with the eligibility requirements set forth below and to submit to you any forms you may require to confirm my eligibility for deferment of repayment. I will remain responsible for payment of interest during any period of deferment.

I may defer payment of principal on my loan after the repayment period begins under any of the following circumstances and only for a period not to exceed three months.

1. While I am engaged in:
   (a) Full-time study at a school that is participating in the Stafford Loan Program, formerly the Guaranteed Student Loan Program (hereinafter referred to as the "Stafford Loan Program"), unless I am engaged in a medical internship/residency program or I am not a national of the United States and am studying at a school not located in the United States;
   (b) Full-time study at an institution of higher education or a vocational school that is operated by an agency of the United States government (e.g. the service academies), unless I am engaged in a medical internship/residency program or I am not a national of the United States and am studying at a school not located in the United States;
   (c) An eligible graduate fellowship program as defined in the Stafford Loan Program regulations; or
   (d) An eligible rehabilitation training program for disabled individuals as defined in the Stafford Loan Program regulations.
2. While I am:
   (a) On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service;
   (b) Serving as a volunteer under the Peace Corps Act, if I have agreed to serve for a term of at least one year;
   (c) Serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs), if I have agreed to serve for a term of at least one year;
   (d) Performing full-time volunteer service, which the Secretary of Education has determined is comparable to service in the Peace Corps or ACTION programs, for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or
   (e) Temporarily totally disabled, as certified by a qualified physician, or unable to secure employment because I am caring for a spouse or other dependent who is temporarily totally disabled, as established by a sworn affidavit of a qualified physician.
3. While I am:
   (a) Serving in an eligible internship program as defined in the Stafford Loan Program regulations; or
   (b) Serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers post-graduate training.
4. When I am expecting or caring for a new dependent at home who is neither working or in school, provided I am not attending a school and am not gainfully employed. In order to qualify for this deferment, I must have been enrolled at least half-time in a school participating in the Stafford Loan Program within the six- month period immediately preceding the beginning date of the deferment.

In addition to the above deferments, if I am a "new borrower" (as defined below), I may also request, in addition to the above, deferments of payment of principal on my loan after the repayment period begins under any of the following circumstances:

5. While I am engaged in at least half-time study at a school that is participating in the Stafford Loan Program, unless I am engaged in a medical internship/residency program or I am not a national of the United States, if I receive a loan under the Stafford or SLS program for the enrollment period.
6. While I am:
   (a) On active duty status in the Armed Forces of the United States, or serving as an officer in the Commissioned Corps of the United States Public Health Service, or an active duty member of the National Oceanic and Atmospheric Administration Corps; or
   (b) Engaged as a full-time teacher in a public or private elementary or secondary school in a teacher shortage area as defined by the Secretary of Education.
7. If I have dependents at home who are neither working or in school, am entering or reentering the work force, and am being paid at a rate that is no more than $1.00 above the minimum hourly wage prescribed by the Fair Labor Standards Act of 1938.

A "new borrower" is one who has no outstanding balance on a Stafford, PLUS, SLS or Consolidation Loan on the date he or she signs the Promissory Note for a loan to cover periods of enrollment beginning on or after July 1, 1987, or disbursed on or after July 1, 1987.

I understand that I must notify you when the condition entitling me to the deferment no longer exists.

X. FORBEARANCE

If I am unable to repay my loan in accordance with the terms established under Paragraph V of this Promissory Note, I may request that you modify these terms. I understand that such modification would be at your option. I also understand that a modification of repayment terms under this paragraph is different from deferment of repayment (as described in paragraph IX of this Note). I understand that I will remain responsible for payment of interest during any period of forbearance.

XI. WHOLE LOAN DUE

To the extent permitted by law (which shall include the law of New Jersey), I will be in default and you have the right to give me notice that the whole outstanding principal balance, accrued interest, and all other amounts payable to you under the terms of this Promissory Note, are due and payable at once (subject to any law which may give me a right to cure my default) if:

1. I fail to make any monthly payment to you when due; or
2. I fail to notify you of a change in my name, address, or school enrollment status within ten days after a change occurs; or
3. I break any of my other promises in this Promissory Note; or
4. Any bankruptcy proceeding is begun by or against me, or I assign any of my assets for the benefit of my creditors; or
5. I make any false written statement in applying for this loan or at any time during the Interim or Repayment Periods.

If I default, I will be required to pay interest on this loan accruing after default. The interest rate after default will be subject to adjustment in the same manner as before default.

XII. COLLECTION COSTS

I agree to pay you reasonable amounts permitted by law (which shall include the law of New Jersey), including reasonable attorney's fees for any attorney who is not your regularly salaried employee and court and other collection costs, which you incur in enforcing the terms of this Promissory Note if I am in default.

XIII. NOTICES

1. I will send written notice to you, or any subsequent holder of this Promissory Note, within ten days after any change in my name, address, or school enrollment status.
2. Any notice required to be given to me by you will be effective when mailed by first class mail to the latest address you have for me.

XIV. PRIVACY

1. I must update the information on my application whenever you ask me to do so. I authorize you from time to time to furnish information about my loan to consumer reporting agencies and to others legally allowed to receive such information. If I default on my loan, disclosure of information about my loan to consumer reporting agencies may adversely affect my credit rating.
2. I authorize you from time to time to request and receive from others credit-related information about me (and about my spouse if I live in a community property state). If I ask you, you will tell me whether you have requested information from a consumer reporting agency and will provide me with the name and address of any agency that furnished you with a report.
3. Unless prohibited by law, (which shall include the law of New Jersey), you are authorized to share information about my loan, including, but not limited to, my name, social security number (SSN), and address, with your subsidiaries and affiliates and with Law School Admission Services, Inc. and its affiliates. You are also authorized to share information about my loan, including, but not limited to, my name, SSN, and address, with selected companies to conduct customer surveys on your behalf or with selected mailing houses for promotional solicitations, unless prohibited by law.

XV. ADDITIONAL AGREEMENTS

1. The proceeds of this loan will be used only for my educational expense at the law school listed above.
2. If TERI is required under its guaranty agreement to repay my loan, TERI will become the owner of this Promissory Note and as my creditor will have all the rights of the original lender to enforce this Promissory Note against me.
3. My responsibility for paying this Note is unaffected by the liability of any other person to me or by your failure to notify me that a required payment has not been made. Without losing any of your rights under this Promissory Note you may accept (a) late payments, or (b) as permitted by law, partial payments, even if marked "payment in full." You may delay or fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise the right at any future time or on any future occasion. You will not be obligated to make any demand upon me, send me any notice, present this Promissory Note to me for payment or make protest of non- payment to me before suing to collect on this Promissory Note if I am in default, and to the extent permitted by applicable law (which shall include the law of New Jersey), I hereby waive any right I might otherwise have to require such actions.
4. **You are located in Ohio. You will receive my application and this Promissory Note in Ohio. I will make my payments to you in Ohio. CONSEQUENTLY, THE PROVISIONS OF THIS PROMISSORY NOTE WILL BE GOVERNED BY FEDERAL LAWS AND THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO CONFLICT OF LAW RULES.**
5. I may not assign this Promissory Note or any of its benefits or obligations. You may assign this Promissory Note at any time. I will be notified of any assignment of this Promissory Note.
6. The terms and conditions set forth in this Promissory Note and the Disclosure Statement constitute the entire agreement between you and me.
7. If any provision of this Promissory Note is held invalid or unenforceable that provision shall be considered omitted from the Promissory Note without affecting the validity or enforceability of the remainder of this Promissory Note.
8. A provision of this Promissory Note may only be modified if jointly agreed upon in writing by you and me. Any modification will not affect the validity or enforceability of the remainder of this Promissory Note.

LAW ACCESS 1991-92 LOAN APPLICATION WORKSHEET

Legal Name

LAST NAME _____ FIRST NAME _____ MIDDLE INITIAL _____

Social Security Number _____ **Today's Date** _____

Application Question # 11 (continued): Educational Debts by Loan Type and Lender.

LOAN TYPE	INTEREST RATE	NAME, CITY AND STATE OF LENDER	LOAN PERIOD Mo/Yr to Mo/Yr	AMOUNT BORROWED	CURRENT BALANCE

PLEASE READ: When submitting your application, attach completed, signed and dated promissory note(s), INS documentation (if required) and worksheet (if needed). Review the checklist before submitting materials to your school. Incomplete or illegible applications will cause a delay in processing.

CHECKLIST FOR APPLICATION AND PROMISSORY NOTE(S)

I have ....

____ Completed all items on the application and promissory note(s).

____ Signed and dated the application.

____ Completed the promissory note(s).

____ Signed and dated the promissory note(s).

____ Completed and enclosed the application work sheet (if needed).

____ Enclosed supporting INS documentation (if required).

____ FORWARDED COMPLETED APPLICATION, PROMISSORY NOTE(S), INS DOCUMENTATION (IF REQUIRED) AND WORKSHEET (IF NEEDED) TO MY SCHOOL FINANCIAL AID OFFICE FOR CERTIFICATION.

CALL LAW ACCESS®

If you require assistance in completing your application or promissory note(s)

1-800-282-1550

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ACT

The 1991-92 Family Financial Statement (FFS) Instructions and Code List

NOTE: Do not sign the FFS before [illegible]

NOTICE

You can use the ACT Family Financial Statement (FFS) to apply for financial aid from the Federal student aid programs. Part 1 of the FFS collects the Department of Education's Federal aid questions. There is no fee required to be considered for financial aid assistance from the following Federal student financial aid programs: Pell Grants, Supplemental Educational Opportunity Grants (SEOG), College Work-Study (CWS), Perkins Loans, or Stafford Loans.

Some colleges, state agencies, and scholarship programs that use ACT reporting services will also require additional information which ACT provides directly to them. This information is used to determine eligibility for non-Federal aid. Part 2 of the FFS collects this information. If your college/agency requires this information, you must pay a fee. These fees are outlined on page 9 of your FFS. Check with the financial aid officer at the college(s) you plan to attend to determine if they require that ACT send reports directly to them. ACT reports include information you completed in Part 2 of the FFS as well as all of the information you completed in Part 1.

Students should also contact the college(s) of their choice to determine if they have additional application requirements.

Warning:

You must fill out this form accurately. *The information which you supply can be checked* by your college or by the U.S. Department of Education.

You may be asked to provide U.S. income tax returns, the worksheets in this booklet and other information. If you can't or don't provide these records, you may not get Federal aid. If you get Federal student aid based on incorrect information, you will have to pay it back; you may also have to pay fines and fees. If you purposely give false or misleading information on your application form, you may be fined $10,000, receive a prison sentence, or both.

Be sure to read "Information on the Privacy Act and Use of Your Social Security Number" on page 13.

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General Information

What Is The Family Financial Statement (FFS)?

The Family Financial Statement (FFS) is a form that you can use to apply for money from the Federal government, state agencies, colleges, and programs to help pay the cost of going to college. (We use the word "college" to mean a college or university, a graduate or professional school, a vocational or technical school, or any other school beyond the high school level.)

By using this FFS, you may apply for money for the 1991-92 school year (July 1, 1991 through June 30, 1992). If you are applying for aid for a different time period, contact your financial aid administrator to obtain the appropriate FFS.

What Is The Deadline For Filing The FFS?

At the very latest, your FFS must be received at ACT by May 1, 1992. However, you should apply as early as possible. Colleges and agencies often have earlier deadlines and/or may run out of money before all students apply.

Do I Have To Send A Fee With My FFS?

No Fee Is Required— If you are only applying for Federal student aid, there is no charge for processing the Federal Information Sections (A - L) of your FFS. Colleges you list in question 90 can obtain this information directly from the U.S. Department of Education. No ACT reports will be sent directly to these colleges, however, you will receive a Student Aid Report (SAR).

A Fee Is Required— A fee is required to process Part 2 (pages 7 and 8) of the FFS and send an ACT report. This information is used by some colleges and state agencies in the awarding of state, institutional, and private student aid. ACT will report all data included on the FFS (both Parts 1 and 2) to the colleges and/or agencies you request in question 117.

Can I See the Results of My ACT Analysis?

Yes— You can request your own copy of the ACT report called a Comprehensive Financial Aid Report (CFAR), which includes much of the same information we send to colleges. The CFAR includes all of the information you submitted to ACT on your FFS. It clearly outlines the calculations which colleges use to determine your eligibility for financial aid, and provides a clear and concise record of the information from both Parts 1 and 2 of your FFS. In addition, ACT will send you a "Student CFAR Informational Brochure" which fully explains all of the information on your CFAR, explains how need analyses calculations are made, outlines how colleges use the CFAR information to determine your aid eligibility, and provides a description of the financial aid process.

To request your own CFAR, you must mark the "Yes" oval on page 8, Section P, question 118 and enclose the required fee as outlined in Section Q.

What Happens After I Mail The FFS?

If you answered "Yes" to question 48a on the FFS, ACT, under contract with the U.S. Department of Education, will send you a Student Aid Report (SAR). (See page 13, "Additional Information on the Federal Student Financial Aid Programs," for more information about the SAR.) Included with each SAR will be an "ACT Report Request" form which can be used at a later date to request that ACT reports be sent directly to colleges or agencies, or to request your own personal ACT report.

An ACT Comprehensive Financial Aid Report (CFAR) will be sent to each of the colleges and agencies you requested on page 8, question 117 of the FFS and for which you have enclosed the correct fee. This report provides colleges with information used in determining your eligibility for financial aid.

Sending the FFS to ACT

When you have completed your form make sure that:

- Your address is complete and accurate (Section A).
- You and your parents have signed the FFS. (See instructions for Section G, question 51 for needed signatures.)
- The ovals blackened match the written ACT code number in questions 50 and 117.
- You print your name in Section R on page 8 of the FFS.
- Any erasures or extra marks on your FFS have been handled following the special instructions on page 3.
- You **do not** include any tax forms or other materials when you mail your FFS to ACT. This material will be destroyed.
- Your letters, tax forms, etc. are mailed directly to the college(s) to which you are applying.
- If you request any reports in Section P, enclose your fee and check (✓) the appropriate box on the back of the envelope.
- You have rechecked your form and it is accurate.

Mail your FFS by regular first class mail using the envelope provided. (Special handling such as registered, certified, or express mail will delay processing of your form.)

What Kinds Of Aid Can I Get?

Using the FFS, you can apply for the Federal student aid programs which are briefly described in the section titled "Additional Information On The Federal Student Financial Aid Programs" on page 13. You can use the FFS as the first step in applying for a Pell Grant and other Federal student aid programs. To do so, answer "Yes" to question 49a on the FFS.

You can also apply for scholarships and grants from state agencies. See page 24 for a listing of state student financial aid agencies.

You can also apply for scholarships, grants, loans, and work-study jobs from colleges and agencies.

The colleges and agencies that use the FFS are named in the ACT Financial Aid Code Listing on pages 14 through 24 of this booklet. Check with the colleges/agencies where you are applying to see if they require additional forms.

Who Can Get Aid From These Federal Student Financial Aid Programs?

Eligibility Requirements	Pell Grants	Stafford Loans	Supplemental Educational Opportunity Grants (SEOG)	College Work-Study (CWS)	Perkins Loans
Undergraduate	Yes	Yes	Yes	Yes	Yes
Graduate	No	Yes	No	Yes	Yes
At least half-time	Yes	Yes	Yes*	Yes*	Yes*
Must pay back	No	Yes	No	No	Yes
Must be a U.S. citizen or eligible noncitizen	Yes	Yes	Yes	Yes	Yes
Must be registered with the Selective Service (if required)	Yes	Yes	Yes	Yes	Yes
Must have financial need	Yes	Yes	Yes	Yes	Yes
Must attend a participating school	Yes	Yes	Yes	Yes	Yes
Must be working toward a degree or certificate	Yes	Yes**	Yes	Yes	Yes
Must be making satisfactory academic progress	Yes	Yes	Yes	Yes	Yes
Must not be in default or owe a refund on a Federal grant or educational loan	Yes	Yes	Yes	Yes	Yes
Having a Bachelor's degree makes applicant ineligible	Yes	No	Yes	No	No
Conviction of drug distribution or possession may make student ineligible	Yes	Yes	Yes	Yes	Yes

* In some cases, students going to school less than half-time may be eligible. Check with your financial aid administrator.

** In some cases, students don't have to be in a degree or certificate program. Check with your financial aid administrator.

What If I Have Questions?

It is worth the time it will take to read the instructions as you fill out the FFS. Most mistakes result from not reading the instructions. The information in this booklet will usually answer questions that you have. If you need more help, contact the guidance counselor at your high school or the financial aid administrator at the college you plan to attend.

Confidentiality Of FFS Information

All of the information on the FFS is handled in a confidential manner. Only ACT authorized personnel and the personnel of the colleges and/or agencies designated by the applicant on the FFS, who are involved in awarding financial aid, can see or have access to the FFS information. See page 13 for information on the Privacy Act.

Instructions

Read the instructions as you fill out this form. Mistakes will delay the processing of your application.

Some instructions appear on the form itself. Since some questions are self-explanatory, no additional instructions are provided. Where additional information is necessary, you will find it in this instruction booklet.

The instructions for this form will usually answer questions that you have. If you need more help, contact your high school guidance counselor or your college financial aid administrator.

Although other people (besides the student who is applying for aid) may help fill out this form, it is about the student. On this form, the words "you" and "your" always mean the student. The word "college" means a college, university, graduate or professional school, vocational or technical school, or any other school beyond high school.

"Student financial aid" means money from educational loans, grants, and scholarships. It also means earnings from the College Work-Study Program or other earnings you received based on your financial aid administrator's determination of your financial need.

Records You Will Need

Get together these records for yourself and your family.

- 1990 U.S. income tax return (IRS Form 1040, 1040A, or 1040EZ).
- 1990 state and local income tax returns.
- W-2 forms and other records of money earned in 1990.
- Records of untaxed income, such as welfare, social security, AFDC or ADC, or veterans benefits.
- Current bank statements.
- Current mortgage information.
- Records of medical or dental bills that were paid in 1990.
- Business and farm records.
- Records of stocks, bonds, and other investments.

Keep these records!

Won't file a tax return. Even if you and your spouse or your parents file no income tax return for 1990, you will need to know earnings for the year. You may also need records showing the amount of other income you are to report on your application.

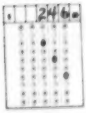
Tax return not completed yet. If you, your spouse, and/or your parents haven't completed a 1990 U.S. income tax return but will be filing one, **we recommend that you complete your return before filling out this application.** Knowing what will be on your tax return will help you to fill out this application accurately. When your application is compared with the official 1990 IRS Form 1040, 1040A, or 1040EZ that is filed for you and your family, the financial information must agree. If there are any errors, you will have to correct the information and send it back to ACT. If this happens, it will take longer to determine whether you are eligible for Federal student aid. It could mean a delay in getting your student financial aid.

If you, your spouse, and/or your parents filed (or will file) a **"Foreign Tax Return"** or are a **"Native American,"** see page 13.

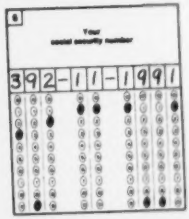
Special Instructions For Filling Out Your FFS

Your FFS will be processed by a scanning machine which reads the ovals that you blacken. You must be sure to prepare your FFS carefully because the scanner will be accurate only if you are. Errors will lead to delays in your receiving Federal student aid and student financial aid from non-Federal sources. After your FFS is processed, an additional fee will be required to send corrected ACT reports to the colleges you requested. The following examples will help you fill out the FFS correctly.

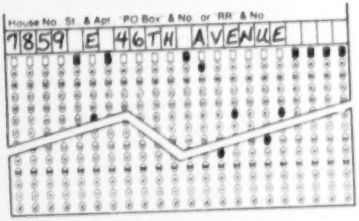
To prevent errors and delays:
- Use a soft (No. 2) lead pencil; do not use ink, ball-point pen, or magic marker. The scanner reads pencil only.
- Blacken all ovals completely and neatly. Check marks or Xs may be missed by the scanner.
- If you must erase an oval, be sure to erase it completely and blacken the correct oval in the column. Blacken the zero (0) oval if you do not replace the erasure with another answer. An erasure that is not replaced can be read by the scanner as your answer.



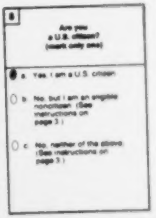
- Round off all figures to the nearest dollar; don't fill in the cents amount. For example, a figure of $246.35 would be rounded off to $246. If you fill in the cents amount, the scanner will read your answer as $24,635.



- If a question has boxes and columns of ovals, print your answer in the boxes and blacken the corresponding ovals. Do not leave the ovals blank. The scanner reads what is marked in the ovals.



- In questions 2 and 3 (street address and city), leave a box blank between the parts of your address and blacken the rectangle below each blank box. Do not extend any part of your address beyond its designated area. Instead, use the street address abbreviations listed below in the left hand column. **(Do not write or blacken any ovals in the ACT USE ONLY area on page 1.)**



- If a question has several answers, blacken the oval beside the correct answer. If you need to erase an oval, be sure to blacken the correct response since erasures can be read by the scanner.
- Double-check each question to make sure that you have marked the correct ovals.
- Do not cross out questions since lines drawn through ovals can be read as your answer. If the instructions say to skip a question, leave it blank.
- Do not write any notes on the FFS. If you want to explain your answer, contact your financial aid administrator directly.

Abbreviations for Street Address

Apartment	APT	Heights	HTS	Port	PT
Avenue	AVE	Highway	HWY	Road	RD
Boulevard	BLVD	Lake	LK	Route	RT
Broadway	BDWY	Mount	MT	South	S
Circle	CIR	Mountain	MTN	Street	ST
Court	CT	North	N	Terrace	TR
Drive	DR	Park	PK	Trail	TRL
East	E	Parkway	PKWY	Trailer	TRLR
Fort	FT	Pike	PI	Turnpike	TPKE
Garden	GDN	Place	PL	Way	WY
Headquarters	HQ	Point	PT	West	W

State Codes

01	Alabama	22	Massachusetts	43	Tennessee
02	Alaska	23	Michigan	44	Texas
03	Arizona	24	Minnesota	45	Utah
04	Arkansas	25	Mississippi	46	Vermont
05	California	26	Missouri	47	Virginia
06	Colorado	27	Montana	48	Washington
07	Connecticut	28	Nebraska	49	West Virginia
08	Delaware	29	Nevada	50	Wisconsin
09	District of Columbia	30	New Hampshire	51	Wyoming
10	Florida	31	New Jersey	53	Canada
11	Georgia	32	New Mexico	54	Mexico
12	Hawaii	33	New York	56	Federated States of Micronesia
13	Idaho	34	North Carolina	57	Marshall Islands
14	Illinois	35	North Dakota	58	Northern Mariana Islands
15	Indiana	36	Ohio	59	Palau
16	Iowa	37	Oklahoma	60	American Samoa
17	Kansas	38	Oregon	61	Amanican Samoa
18	Kentucky	39	Pennsylvania	63	Guam
19	Louisiana	40	Rhode Island	64	Puerto Rico
20	Maine	41	South Carolina	66	Virgin Islands
21	Maryland	42	South Dakota		

PART 1 — FEDERAL INFORMATION

Section A. Student's Information

Fill in this section with information about you, the student who is applying for aid.

2-5. Give the address where you will be receiving mail. All mail will be sent to this address. If your place of residence is not included in the state code list, leave the state code and ZIP Code blank and write in the name of your city and territory or country in the space for city. Don't use the address of the financial aid office or any other office. "Abbreviations for Street Address" are listed above.

6-9. If you are a U.S. citizen (or U.S. national), mark answer (a) and go on to question 10. Mark answer (b) and write in your eight- or nine-digit Alien Registration Number if you are one of the following:
- U.S. permanent resident, and you have an Alien Registration Receipt Card (I-151 or I-551);
- Other eligible noncitizen with a Departure Record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations:
  (1) "Refugee"
  (2) "Asylum Granted"
  (3) "Indefinite Parole" and/or "Humanitarian Parole"
  (4) "Cuban-Haitian Entrant"
- Other eligible noncitizen with a Temporary Resident Card (I-688).

If you are a citizen of the Marshall Islands, Federated States of Micronesia, or Palau, see your financial aid administrator.

If you cannot mark answer (a) or (b), you **must** mark answer (c). If you are in the U.S. on only an F1 or F2 student visa, only a J1 or J2 exchange visitor visa, or only a G series visa (pertaining to international organizations), you must mark answer (c).

11. Give the two-number code for your current State/Country of legal residence. Use the state code list on page 3 of these instructions. If your place of residence is not included in the list, leave the state code blank.

12. Mark your year in college from July 1, 1991 to June 30, 1992.

13. Mark "No" if you do not have a Bachelor's degree and you will not have one by July 1, 1991.

    Mark "Yes" if you already have a Bachelor's degree or will have one by July 1, 1991. Also mark "Yes" if you have or will have a degree from a university in another country that is equal to a Bachelor's degree.

Section B. Student's Status

Answer question 14. A blank counts as "No."

14a. Mark the correct answer. (See your answer to question 7.)

14b. Mark "Yes" if you are a veteran of active service in the U.S. Army, Navy, Air Force, Marines, or Coast Guard. Also mark "Yes" if you are not a veteran **now** but will be one by June 30, 1992.

    Mark "No" if you are or were:
    - Never in the U.S. Armed Forces,
    - Only an ROTC student,
    - Only a cadet or midshipman at one of the service academies,
    - Only a National Guard or Reserves enlistee, or
    - Currently serving in the U.S. Armed Forces and will continue to serve through June 30, 1992.

14c. Mark "Yes" if:
    - Both your parents are dead **and** you don't have an adoptive parent or "Legal Guardian" (see page 13) or
    - You are currently a ward of the court.

    Otherwise, mark "No."

14d. Mark "Yes" if you have any children who get more than half of their support from you. Also mark "Yes" if other people live with you and get more than half of their support from you and will continue to get that support during the 1991-92 school year. *(Don't include your spouse.)* Otherwise, mark "No."

"Parents" in questions 15, 17, 18, 19, 20, 21, and 22 means your mother and/or father, or your adoptive parents, or legal guardian. "Parents" does not mean foster parents and, for this section, it does not mean stepparent. Later, the instructions will tell you if you should supply information about your stepparents.

Unmarried Undergraduate Students Only

15. If your parents claimed you as an exemption on their 1989 and/or will do so on their 1990 income tax return, you must answer "Yes." If your parents are divorced or separated, answer "Yes" if either of your parents claimed you as an income tax exemption in 1989 and/or will do so on their 1990 income tax return. Otherwise, answer "No."

16. Mark the oval that best describes when you first received Federal student aid, ***beginning with the 1987-88 school year*** (July 1, 1987 through June 30, 1988). *Mark only one oval: a, b, c, d, or e.*

Federal student aid includes:
- Pell Grant,
- Stafford Loan/Guaranteed Student Loan (GSL), including Supplemental Loans for Students (SLS),
- Supplemental Educational Opportunity Grant (SEOG),
- College Work-Study (CWS),
- Perkins Loan/National Direct Student Loan (NDSL), or
- State Student Incentive Grant (SSIG). These grants often have other names such as Student Incentive Grants, Incentive Grants, Tuition Grants, etc.

Below are some examples to help you answer question 16.

Example #1 — Buck Bundy received Federal student aid in the 1986-87 and 1987-88 school years. Therefore, Buck should mark the oval for "a." Even if Buck had received Federal student aid in the 1985-86 and 1987-88 school years, he should still mark the oval for "a," because the first school year (beginning with 1987-88) in which he received Federal student aid is 1987-88. 4

Example #2 — Jeff Akbar **first** received Federal student aid in the 1988-89 school year. Therefore, Jeff should mark the oval for "b."

Example #3 — Wu Lin **first** received Federal student aid in the 1989-90 school year. Therefore, Wu should mark the oval for "c."

Example #4 — Kate Murphy **first** received Federal student aid in the 1990-91 school year. Therefore, Kate should mark the oval for "d."

Example #5 — Vickie Tingley received Federal student aid in the 1986-87 school year **and** has not received Federal student aid since then. Therefore, Vickie should mark the oval for "e."

Example #6 — Joaquin Rodriguez has never received Federal student aid. Therefore, Joaquin should mark the oval for "e."

17-21. When figuring your resources in questions 17, 18, 19, 20, or 21 be sure to include:
    - Wages, salaries, and tips, etc.,
    - Interest income and dividend income,
    - Any student financial aid (except PLUS loans),
    - Personal long-term cash loans used for educational purposes, **and**
    - Any other income and benefits (such as veterans cash benefits, fellowships, etc.)

Don't include any resources from your parents such as money that you earned from them or gifts that you received from them.

Married or Graduate/Professional Students Only

22. If your parents will claim you as an exemption on their 1991 income tax return, you must answer "Yes."

You must see your college financial aid administrator before completing the rest of this form if:

- You answered "No" to all of the questions in 14, but after answering questions 15-21 or 22, you were told to skip page 3 (parents' information); **and**
- You were not required to provide parental information in 1990-91; **and**
- You were claimed by any person, other than your spouse, as a tax exemption in 1990.

Note: Some colleges/programs (typically, professional degree programs such as medicine, law, etc.) require that independent students provide parental data. Check with your college to see if they need information about your parents. If your college requests parental data, you should provide information about your parents even though these directions tell you to skip parental items.

Section C. Student's (& Spouse's) General Information

Fill out this section with information about yourself (and your spouse). If you are divorced, separated, or widowed, don't include information about your spouse.

23. Give the number of people that you will support between July 1, 1991 and June 30, 1992. Include yourself and your spouse. Include your children if they get more than half of their support from you. Include other people only if they meet the following criteria:
    - They now live with you, **and**
    - They now get more than half of their support from you **and** they will continue to get the support between July 1, 1991 and June 30, 1992.

24. Give the number of people from question 23, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Section D. Parents' General Information

Read the descriptions below. Choose the box that is true for you and follow the instructions.

☐ **Your parents are both living and married to each other.** Answer the questions on the rest of the form about them.

☐ **You have a legal guardian.** Answer the questions on the rest of the form about your "Legal Guardian." For a definition of "Legal Guardian" see page 13.

☐ **Your parents have divorced or separated.** Answer the questions on the rest of the form about the parent you lived with most in the last 12 months. For example, if you lived with your mother most, answer the questions about her, and not about your father. If you did not live with one parent more than with the other in the last 12 months, answer in terms of the parent who provided the most financial support during that time. If neither parent provided greater financial support during the last 12 months, answer in terms of the parent who provided the greater support during the most recent calendar year. *(Support includes: money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, etc.)*

☐ **Your parent is widowed or single.** Answer the questions on the rest of the form about that parent.

If you have a stepparent, if the parent that you counted above has married or remarried, you must include information about your stepparent (even if they were not married in 1990).

If you are giving information about your stepparent, note that wherever we say "parents" on the rest of this form, we also mean your stepparent.

29. Mark the oval beside your parents' marital status. Show the current marital status of the people that you give information about on this form. For example, if you give information about your mother and stepfather, mark the oval beside "married," because your mother and stepfather are married.

25. Give the two-number code for your parents' current State/Country of legal residence. See the state code list on page 3 of these instructions.

27. Give the number of people that your parents will support **between** July 1, 1991 and June 30, 1992. Include your parents and yourself. Include your parents' other children if they get more than half of their support from your parents. Also include them if they would be required to provide parental information when applying for Federal student aid for the 1991-92 school year. Include other people only if they now live with and get more than half of their support from your parents and will continue to get this support between July 1, 1991 and June 30, 1992. *(Support includes: money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, etc.)*

28. Give the number of people from question 27, including yourself, who will be going to college between July 1, 1991 and June 30, 1992. Include only students enrolling for at least 6 credit hours per term. If the school uses clock hours, include only students attending at least 12 clock hours per week.

Section E. Parents' Income Information for 1990

Income, Earnings, and Benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any question is "none" or "zero," put a zero in the right-hand box of the answer space and blacken the zero oval below that box. Don't leave it blank or use dashes. For example:

If your parents filed (or will file) a "Foreign Tax Return" or a Puerto Rican tax return, see page 13.

29. 1990 U.S. Income tax figures

From a completed return. Mark only one oval to indicate which IRS Form was filed. Use this tax return to answer questions 30 through 34 and 36.

Estimated. Mark the correct oval if your parents have not yet filed but will file a 1990 U.S. income tax return. Use their financial records to answer questions 30 through 34 and 36. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Mark this oval if your parents will not file a 1990 U.S. income tax return. Don't answer questions 30 through 32. Skip to question 33.

If you are giving information for only one parent and that parent filed (or will file) a joint tax return for 1990, give only that parent's portion of the exemptions and income asked for in questions 30 through 36.

If your parents are married and they filed (or will file) separate tax returns for 1990, be sure to include both parents' exemptions and incomes in questions 30 through 36.

30. Total number of exemptions for 1990. Write in the number from Form 1040, line 6e, or 1040A, line 6e. If your parent used the 1040EZ and he or she checked "Yes" in question 4 of that form, write in "00." Otherwise, write in "01."

Important: See the table below for some of the types of student financial aid that you should exclude from income and taxes in questions 31 through 36.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships or Fellowships	Yes	Yes
Earnings from a Work Program including Assistantships	Yes	No
Loans	Yes	Yes

31. Adjusted Gross Income (AGI) for 1990. If your parents' U.S. income tax return for 1990 has been completed, write in the Adjusted Gross Income (AGI) from Form 1040, line 31; 1040A, line 16; or 1040EZ, line 3.

Don't include any income or capital gains from the sale of a business or farm; if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or involuntary liquidation. If the figure is negative due to a business or farm loss, write in the negative amount and blacken the "-" oval that is above the question heading.

Use worksheet #1 on page 12 to answer question 31 if you cannot get a 1990 tax form, but will be filing one.

32. U.S. income tax paid for 1990. Write in the amount from Form 1040, line 47; 1040A, line 25; or 1040EZ, line 7. Make sure this amount doesn't include any FICA, self-employment, or other taxes. Don't copy the amount of "Federal income tax withheld" from a W-2 Form.

33-34. Income earned from work in 1990.

If you skipped questions 30 through 32, include your parents' earnings from work in 1990. Add up the earnings from your parents' W-2 Forms and any other earnings from work that are not included on the W-2 Forms.

If you answered questions 30 through 32, include the "Wages, salaries, tips, etc." from your parents' Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If your parents filed a joint return, report your father's and mother's earnings separately. If your parents own a business or farm, also add in the amounts from Form 1040, lines 12 and 19.

If a figure is negative due to a business or farm loss, write in the negative amount and blacken the corresponding "-" oval that is above the question heading.

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35. **Social security benefits for 1990.** Write in the amount of untaxed social security benefits (including Supplemental Security Income) that your parents got in 1990. Don't include any benefits reported in question 31. Don't report monthly amounts, write in the total for 1990. Be sure to include the amounts that your parents got for you and their other children.

36. **Aid to Families with Dependent Children (AFDC or ADC) for 1990.** Don't report monthly amounts, write in the total for 1990. Don't report social security benefits here.

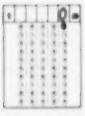
37. **Child support received for all children.** Include the student. Don't report monthly amounts, write in the total for 1990.

38. **Other untaxed income and benefits for 1990.** Add up your parents' untaxed income and benefits for 1990. Use worksheet #2 on page 12. Be sure to include your parents' earned income credit and deductible IRA/Keogh payments, if any.

Section F. Student's (& Spouse's) Income Information for 1990

Income, Earnings, and Benefits

If the instructions tell you to skip a question, leave it blank. If your answer to any question is "none" or "zero," put a zero in the right-hand box of the answer space and blacken the zero oval below that box. Don't leave it blank or use dashes. For example:



If you (or your spouse) filed (or will file) a "Foreign Tax Return" or a Puerto Rican tax return, see page 13.

39. **1990 U.S. income tax figures**

From a completed return. Mark only one oval to indicate which IRS Form was filed. Use this tax return to answer questions 40 through 44 and 48.

Estimated. Mark the correct oval if you (and your spouse) have not yet filed but will file a 1990 U.S. income tax return. Use your financial records to answer questions 40 through 44 and 48. For these questions, you must write in the figures that will be on the tax return. Filling out a 1990 U.S. income tax return will help you answer these questions.

A tax return will not be filed. Mark this oval if you (and your spouse) will not file a 1990 U.S. income tax return. Don't answer questions 40 through 42. Skip to question 43.

If you are divorced, separated, or widowed, and you filed (or will file) a joint tax return for 1990, give only your portion of the exemptions and income asked for in questions 40 through 48.

If you are married and you and your spouse filed (or will file) separate tax returns for 1990, be sure to include both your and your spouse's exemptions and incomes in questions 40 through 48, even if you were not married in 1990.

40. **Total number of exemptions for 1990.** Write in the number from Form 1040, line 6e, or 1040A, line 6e. If you used the 1040EZ and you checked "Yes" in question 4 of that form, write in "00." Otherwise, write in "01."

Important: See the table below for some of the types of student financial aid that you should exclude from income and taxes in questions 41 through 48.

Student Financial Aid	Exclude if based on need	Exclude if not based on need
Grants, Scholarships or Fellowships	Yes	Yes
Earnings from a Work Program including Assistantships	Yes	No
Loans	Yes	Yes

41. **Adjusted Gross Income (AGI) for 1990.** If a U.S. income tax return for 1990 has been completed, write in the Adjusted Gross Income (AGI) from Form 1040, line 31; 1040A, line 16; or 1040EZ, line 3.

Don't include any income or capital gains from the sale of a business or farm, if the sale resulted from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or involuntary liquidation. If the figure is negative due to a business or farm loss, write in the negative amount and blacken the "0" oval that is above the question heading.

Use worksheet #1 on page 12 to answer question 41 if you cannot get a 1990 tax form, but will be filing one.

42. **U.S. income tax paid for 1990.** Write in the amount from Form 1040, line 47; 1040A, line 25; or 1040EZ, line 7. Make sure the amount doesn't include any FICA, self-employment, or other taxes. Don't copy the amount of "Federal income tax withheld" from a W-2 Form.

43-44. **Income earned from work in 1990.**

If you skipped questions 40 through 42, include your (and your spouse's) earnings from work in 1990. Add up the earnings from your (and/or your spouse's) W-2 Forms and any other earnings from work that are not included on the W-2 Forms.

If you answered questions 40 through 42, include the "Wages, salaries, tips, etc." from your (and your spouse's) Form 1040, line 7; 1040A, line 7; or 1040EZ, line 1. If you (and your spouse) filed a joint return, report your and your spouse's earnings separately. If you (and/or your spouse) own a business or farm, also add in the amounts from Form 1040, lines 12 and 19.

If a figure is negative due to a business or farm loss, write in the negative amount and blacken the corresponding "0" oval that is above the question heading.

In questions 45 through 48, don't include benefits reported in Section E, questions 35, 36, 37, and 38.

45. **Social security benefits for 1990.** Write in the amount of untaxed social security benefits (including Supplemental Security Income) that you (and your spouse) got in 1990. Don't include any benefits reported in question 41. Don't report monthly amounts, write in the total for 1990. Be sure to include the amounts that you got for your children.

46. **Aid to Families with Dependent Children (AFDC or ADC) for 1990.** Don't report monthly amounts, write in the total for 1990. Don't report social security benefits here.

47. **Child support received for all children.** Don't report monthly amounts, write in the total for 1990.

48. **Other untaxed income and benefits for 1990.** Add up your (and your spouse's) untaxed income and benefits for 1990. Use worksheet #2 on page 12. Be sure to include your earned income credit and deductible IRA/Keogh payments, if any.

Section G. Federal Student Aid Release

48a. Answer "Yes" if you give ACT permission to send information from this FFS to the U.S. Department of Education. You must answer "Yes" if you want to be considered for a Pell Grant and other Federal student financial aid. **If you leave the answer to this question blank, we will count it as "No."**

The U.S. Department of Education is permitted by regulation to provide your name, address, social security number, date of birth, Pell Grant Index (PGI), Family Contribution (FC), student status, year in college, and state of legal residence to the colleges that you list in question 50 (or its representative), even if you mark "No" to question 48c. This information will also go to the state agencies in your state of legal residence to help coordinate state financial aid programs with Federal student aid programs, even if you mark "No" to question 48b. However, no additional information such as income information will be sent if you mark "No" to questions 48b or 48c.

48b. Answer "Yes" if you give the U.S. Department of Education permission to send information from this FFS to the financial aid agencies in your state. **By answering "Yes" you are not applying for state student financial aid in some**

states. Some agencies that use the FFS also require that an ACT report be sent to them. Some state agencies may, however, request this information from the U.S. Department of Education to help them decide whether you will get a state award and to check to see if you reported correct information on your state student aid application. Also, they may use it to help in the processing of your application for a Stafford Loan, if you are eligible. Mark "No" if you don't want your information sent.

49c. Answer "Yes" if you give the U.S. Department of Education permission to send information from this FFS to the college(s) (or its representative) you list in question 50. **You should be aware that most colleges that use the FFS will also require that you have an ACT report sent to them.** Mark "No" if you don't want your information sent.

49d. In order to receive Federal student aid you must be registered with Selective Service if:

— you are a male who is at least 18 years old and born after December 31, 1959.

Mark the oval only if you:

— are a male and are 18 through 25 years of age, **and**
— have not yet registered with Selective Service,
— give Selective Service permission to register you, **and**
— answered "Yes" to question 49a.

If you believe that you are not required to be registered, call the Selective Service at 1-800-621-5388 for information regarding exemptions.

College Release

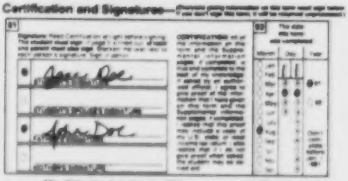
50. Enter the ACT code number(s) of the college(s) you will most likely attend during the 1991-92 school year. Use only ACT code numbers. These codes are listed on pages 14 through 24 of this instruction booklet. The U.S. Department of Education will make information from Part 1 of the FFS available to the schools you list here at no cost to you. If you don't know yet which college(s) you are most interested in, you may leave this question blank.

If you are applying for state, institutional, or private aid, most schools that use ACT services require that an ACT report be sent directly to them. To request that ACT reports be sent directly to colleges and agencies, you must complete the "Request for ACT Reports" (Section P on page 8).

Certification and Signatures

51. You must sign the FFS. (See example below.) If you don't sign the FFS, it will be returned unprocessed. If you are married, your spouse must sign the FFS. If you filled in Sections D and E on page 3 of the FFS, **at least one of your parents must sign the FFS. Everyone signing this form is certifying that all information on the FFS is correct** and that they are willing to give documents to prove that the information is correct. Such documents may include U.S., state, or local tax returns.

Certification and Signatures—Provide parent information at this item and sign below. If you don't sign this item, it will be returned unprocessed.



52. Fill in the date that the FFS was completed. Do not sign, date, or mail the form before January 1, 1991. Any FFS dated or received before January 1, 1991 will be returned to you unprocessed.

Important Notice for Worksheets A and B

If you **are applying for institutional financial aid or aid from some state scholarship agencies** as well as Federal aid, you **may be required to complete pages** 5 through 8 of the FFS. (If your parents were not required to complete page 3, you may skip page 3.) Note: Most colleges that use ACT's reporting services require that you complete all pages of the FFS.

OR

If you **are applying only for Federal aid,** complete Worksheet A or B that follows to see if you need to complete pages 5 and 6 of the FFS. In all cases, you should complete Section R on page 8.

Worksheet A

Complete Worksheet A if your parents were required to complete page 3 of the FFS. (Complete it if you are applying **only** for Federal aid.)

1. Did or will you, your spouse, or your parents file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)
   - ☐ Yes. Fill out pages 5 and 6, and write your name in Section R of the FFS.
   - ☐ No. Fill out the rest of this worksheet.

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

Income from	Column A: Parents	Column B: Student/Spouse
2a. Question 31 OR	$ .00	$ .00
2b. Questions 33 and 34 (use only if you left question 31 blank)	$ .00	$ .00
3. Write in the total of columns A and B (unless from question 3)	$ .00	

If the total from 3 is $15,000 or less, write your name in Section R and mail the FFS. You do not have to fill out pages 5 and 6 of the FFS, unless you, your spouse, or at least one of your parents is a dislocated worker. See the dislocated worker definition on page 13.

If the total from 3 is $15,001 or more, you must fill out pages 5 and 6, write your name in Section R on page 8, and mail the FFS.

Although not required for Federal aid programs, your college may require that you complete pages 5 and 6. There is a box to request this information to the college agencies listed on page 8, Section P, question 117 of the FFS.

Worksheet B

Complete Worksheet B if your parents were not required to complete page 3 of the FFS. (Complete it if you are applying **only** for Federal aid.)

1. Did or will you or your spouse file a 1990 IRS Form 1040? (Does not include 1040A or 1040EZ.)
   - ☐ Yes. Fill out page 6 and write your name in Section R of the FFS.
   - ☐ No. Fill out the rest of this worksheet.

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

Income from	Student/Spouse
2a. Question 31 OR	$ .00
2b. Questions 33 and 34 (use only if you left question 31 blank)	$ .00

If your answer to 2a or 2b is $15,000 or less, write your name in Section R and mail the FFS. You do not have to fill out page 6 of the FFS, unless you, your spouse, or your dislocated worker. See the dislocated worker definition on page 13.

If your answer is $15,001 or more, you must fill out page 6, write your name in Section R on page 8, and mail the FFS.

Although not required for Federal aid programs, your college may require that you complete pages 5 and 6. There is a box to request this information to the college agencies listed on page 8, Section P, question 117 of the FFS.

Section H. Parents' Expense and Asset Information

Don't leave any question in Section H blank. If a question doesn't apply to your parents, put a "0" in the right-hand box of the answer space and blacken the oval below that box.

53. Medical and dental expenses in 1990 not paid by insurance. Write in the amount of money that your parents paid in 1990 for medical and dental expenses (include insurance premiums). Don't include amounts covered by insurance or self-employed health deductions from Form 1040, line 26. If your parents itemized deductions on their 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

54-55. Elementary, junior high, and high school tuition paid in 1990. Write in the amount of money that your parents paid in 1990 for elementary, junior high, and high school tuition for family members who were included in question 27. (Tuition doesn't include room, board, books, transportation, etc.) Don't include tuition paid by scholarships. Also, don't include tuition that your parents paid for you or any tuition for preschool or college.

Mark the number of dependent children for whom the amount listed in question 54 was paid in 1990. Don't include yourself (the student) or any person who was not included in question 27.

56. Displaced Homemaker. Mark "Yes" if either of your parents (for whom you are providing information) meets all of the following descriptions for a displaced homemaker:

- Your parent has not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more), but has, during those years, worked in the home providing unpaid services for family members; and
- Your parent has been dependent on public assistance or on the income of another family member but is no longer receiving that income, or your parent is receiving public assistance because of dependent children in the home; and
- Your parent is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"Unemployed" means not working this week but being available for work. To qualify, your parent must have made specific efforts to get a job sometime during the last four weeks.

"Underemployed" means working part time even though your parent wants full-time employment. It refers to a condition where work is slack or only part time work is available.

Mark "No" if neither of your parents meets all the descriptions mentioned above.

57. Give the age of the older parent for whom you are giving information on this form.

You must give information about your parents' assets in questions 58 through 65. If you are giving information for only one parent and that parent has jointly owned assets, give only that parent's portion of the assets and debts. If your parents have assets owned jointly with someone else, give only your parents' portion of the assets and debts.

In questions 58 through 65, don't include:

- Personal or consumer loans, or any debts that are not related to the assets listed
- The value of retirement plans (pension funds, annuities, IRAs, Keogh Plans, etc.)
- Student financial aid

58. Cash, savings, and checking accounts. Write in the amount of money that your parents have in cash, savings, and checking accounts today.

59-60. Home. If your parents own a home, write in how much the home is worth. Use the price your parents could reasonably expect to receive for their home if it went on sale today. Don't use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. If your parents are renters, write in "0."

Then, write in how much your parents owe on the home, including the present mortgage and related debts on the home. (Don't include interest due.) Check with the mortgage company if you don't know.

61-62. Other real estate and investments. If your parents own other real estate (including rental property, land, second or summer homes) or have investments, write in how much they are worth today. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, precious and strategic metals, etc.

Then, write in how much your parents owe on other real estate and investments.

63-64. Business and farm. If your parents own a business and/or farm, write in how much the business and/or farm are worth today. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. (Home value and debt should be given in questions 59 and 60.)

Then, write in what your parents owe on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

If your parents are not the sole owners, write in only their share of the total value and debt.

65. If you entered "0" for question 63, mark "No."

Section I. Parents' Estimated Income Information for 1991

This section asks about income and benefits your parents expect to get. If your parent is divorced, separated, or widowed, don't include information about the other parent. Answer these questions as accurately as you can. If a question doesn't apply, or your parents don't expect to get any income or benefits from that source, write in "0."

66. Mark "Yes" if either of your parents (for whom you are providing information) is currently certified as a "**Dislocated Worker**" by the appropriate state agency (see page 13). If you marked "Yes," you may be asked to document your parent's status as a dislocated worker.

Mark "No" if neither of your parents is certified as a dislocated worker.

Important: See the table on page 5 for the kinds of income and taxes to leave out of this section.

67-68. 1991 income earned from work. Include wages, salaries, and tips. See **important** note above.

69. 1991 Other taxable income. Write in the total amount of other taxable income that your parents will report on their 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. Don't include any unemployment compensation or any income that you reported in questions 67 and 68.

If a figure in questions 67-69 is negative due to an anticipated loss, write in the negative amount and blacken the corresponding "**-**" oval that is above the question heading.

70. 1991 U.S. income tax to be paid. Write in the amount of income taxes that your parents expect to pay in 1991. Make sure this amount doesn't include any FICA, self-employment, or other taxes.

71. 1991 Nontaxable income and benefits. These are the same types of income and benefits that were asked for in questions 35, 36, 37 and 38.

Section J. Student's (& Spouse's) Expense and Asset Information

Don't leave any question in Section J blank. If a question doesn't apply, put a "0" in the right-hand box of the answer space and blacken the oval below that box.

72. **Medical and dental expenses in 1990 not paid by insurance.** Write in the amount of money that you (and your spouse) **paid** in 1990 for medical and dental expenses (include insurance premiums). Don't include amounts covered by insurance or self-employed health deductions from Form 1040, line 28. If you (and your spouse) itemized deductions on your 1990 U.S. income tax return, write in the amount from Form 1040, Schedule A, line 1.

73-74. **Elementary, junior high, and high school tuition paid in 1990.** Write in the amount of money that you (and your spouse) **paid** in 1990 for elementary, junior high, and high school tuition for family members who were included in question 23. (Tuition doesn't include room, board, books, transportation, etc.) **Don't include** tuition that you paid for yourself, tuition paid by scholarships, or any tuition paid for preschool or college.

Mark the number of dependent children for whom the amount listed in question 73 was paid in 1990. Don't include yourself, or any person who was not included in question 23.

75. **Displaced Homemaker.** Mark "Yes" if you or your spouse meets all of the following descriptions for a displaced homemaker:
- You or your spouse has not worked full-time in the labor force for a substantial number of years (e.g., approximately five years or more) but has, during those years, worked in the home providing unpaid services for family members; **and**
- You or your spouse has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or you or your spouse is receiving public assistance because of dependent children in the home; **and**
- You or your spouse is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"Unemployed" means not working this week but being available for work. To qualify, you or your spouse must have made specific efforts to get a job sometime during the last four weeks.

"Underemployed" means working part-time even though you want or your spouse wants full-time employment. It refers to a condition where work is slack or only part-time work is available.

Mark "No" if neither you nor your spouse meets all of the descriptions mentioned above.

You must give information about your (and your spouse's) assets in questions 76 through 83. If you are divorced or separated and you and your spouse have jointly owned assets, give only your portion of the assets and debts. If you (and your spouse) have assets owned jointly with someone else, give only your (and your spouse's) portion of the assets and debts. Be sure to give information about assets held in trust for you (and your spouse).

In questions 76-83, **don't include:**
- Personal or consumer loans, or any debts that are not related to the assets listed
- The value of retirement plans (pension funds, annuities, IRAs, Keogh Plans, etc.)
- Student financial aid

76. **Cash, savings, and checking accounts.** Write in the amount of money that you (and your spouse) have in cash, savings, and checking accounts today.

77-78. **Home.** If you (and/or your spouse) own a home, write in how much the home is worth. Use the price you could reasonably expect to receive for the home if it went on sale today. Don't use assessed, insured, or taxed value. A "home" includes a house, mobile home, condominium, etc. Renters, write in "0."

Then, write in how much you (and/or your spouse) owe on the home, including the present mortgage and related debts on the home. *(Don't include interest due.)* Check with the mortgage company if you don't know.

79-80. **Other real estate and investments.** If you (and/or your spouse) own other real estate *(including rental property, land, second or summer homes)* or have investments, write in how much they are worth today. Investments include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, installment and land sale contracts *(including mortgages held)*, commodities, precious and strategic metals, etc.

Then, write in how much you (and/or your spouse) owe on other real estate and investments.

81-82. **Business and farm.** If you (and/or your spouse) own a business and/or farm, write in how much they are worth today. Include the value of land, buildings, machinery, equipment, livestock, inventories, etc. Don't include the home. *(Home value and debt should be given in questions 77 and 79.)*

Then, write in what you (and/or your spouse) owe on the business and/or farm. Include only the present mortgage and related debts for which the business and/or farm were used as collateral.

If you (and your spouse) are not the sole owners, write in only your (and your spouse's) share of the total value and debt.

83. If you entered "0" for question 81, mark "No."

Section K. Veterans Educational Benefits (for the student only)

84-85. **Your veterans Dependents Educational Assistance Program benefits.**

Write in the amount of veterans Dependents Educational Assistance Program (Chapter 35) benefits that you expect to get per month **from July 1, 1991 through June 30, 1992.** Don't **include** Death Pension or Dependency & Indemnity Compensation (DIC).

Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get these benefits.

86-87. **Your Veterans Contributory Benefits (VEAP).**

Write in the amount of Veterans Contributory Benefits (Chapter 32) that you expect to get per month **from July 1, 1991 through June 30, 1992.** *(Include both the Government and student portions.)* Don't **include** Death Pension or Dependency & Indemnity Compensation (DIC).

Write in the number of months **from July 1, 1991 through June 30, 1992** that you expect to get these benefits.

Section L. Student's (& Spouse's) Estimated Income Information for 1991

This section asks about income and benefits that you (and your spouse) expect to get. If you are divorced, separated, or widowed, don't include information about your spouse. Answer these questions as accurately as you can. If a question doesn't apply to you, or if you don't expect to get any income or benefits from that source, write in "0."

88. Mark "Yes" if you or your spouse is currently certified as a **"Dislocated Worker"** by the appropriate state agency (see page 13). If you marked "Yes," you may be asked to document your status (or that of your spouse) as a dislocated worker.

Mark "No" if neither you nor your spouse is certified as a dislocated worker.

Important: See the table on page 8 for the kinds of income and losses to leave out of this section.

89-90. 1991 Income earned from work. Include wages, salaries, and tips. See important note above.

91. 1991 Other taxable income. Write in the total amount of other taxable income that you (and your spouse) will report on your 1991 IRS Form 1040, 1040A, or 1040EZ. Include interest and dividend income and any other taxable income. Don't include any unemployment compensation or any income that you reported in questions 89 and 90.

If a figure in questions 89-91 is negative due to an anticipated loss, write in the negative amount and blacken the corresponding "0" oval that is above the question heading.

92. 1991 U.S. income tax to be paid. Write in the amount of income taxes that you and your spouse expect to pay in 1991. Make sure this amount doesn't include any FICA, self-employment, or other taxes.

93. 1991 Nontaxable income and benefits. These are the same types of income and benefits that were asked for in questions 45, 46, 47 and 48.

If you only want to be considered for Federal student aid, you do not need to fill out the remainder of this form (except Section R). Complete Section R on page 8 and turn to page 2 in the instruction booklet "Sending the FFS to ACT." **Do not send in any fee with your FFS.**

HOWEVER

If you are applying for state, institutional, or private aid in addition to Federal aid and your college requires that ACT send reports directly to them, complete Part 2 (College/Agency Report Information) of the FFS. Begin with Section M on page 7 and complete the remainder of the FFS (pages 7 and 8.) There is a fee to report this information directly to your school or agency.

PART 2 COLLEGE AGENCY REPORT INFORMATION

Part 2 of the FFS collects information that is required by some colleges, agencies, and programs. ACT will report Part 1 and Part 2 information directly to colleges/agencies you request on page 9, Section P (Request for ACT Reports) of the FFS.

Section M. Loan Information

After the college financial aid office determines whether you are eligible for campus-based aid, which includes grants, scholarships, loans, and college work-study, you may still be eligible for additional loan funds.

Stafford Loans and Supplemental Loans to Students (SLS) are educational loans to help you pay the cost of college. The terms are very beneficial. For example, on a Stafford Loan, the Federal government pays interest on the loan while you are in school. The interest rate is low once repayment begins and the repayment schedule of 4 to 10 years will not begin until after you leave school or drop to less than half-time enrollment.

By completing Section M of the FFS, you are only indicating an interest in being considered for additional loan funds. Answering the questions now, however, often will speed the process of obtaining loan funds if you are later determined to be eligible.

To actually obtain a Stafford Loan or SLS, you will need to complete a promissory note and, perhaps, additional information, depending upon the college's financial aid process. It is very important that you follow the directions provided by your college financial aid office. Completing Section M does not guarantee that you will be eligible or will receive additional loan funds.

94. Mark "Yes" if you are in default on an educational loan (which includes the Perkins, Stafford, and SLS loan programs); otherwise, mark "No."

Mark "Yes" if you currently owe a refund on an educational grant (which includes the Pell and Supplemental Grants); otherwise, mark "No."

Stafford Loan Questions

95. If you wish to be considered for a Stafford Loan, give the loan amount you are requesting. Be aware that you may not be able to receive all of the money you request. The maximum amount you can borrow from the Stafford Loan program in an academic year is:

Year in Academic Level	Amount you can borrow in one academic year
Freshman, Sophomore	$2,625
Junior, Senior, 2nd Bachelors	$4,000
Graduate/Professional	$7,500

If you do not want a Stafford Loan, leave this question blank and go to question 101.

To answer questions 96-100, refer to your prior Stafford Loan promissory notes. If you do not owe money on a Stafford Loan, enter "0" in question 96, and go to question 101. If you owe money on a Stafford Loan, complete the "Prior Stafford Loan Worksheet" below before answering these questions.

96. Give the total unpaid balance for all of your Stafford Loans. Do not include the money for which you are now applying.

97. Give the unpaid balance of your MOST RECENT PRIOR Stafford Loan.

98. Give the month and year that your loan period started for your MOST RECENT PRIOR Stafford Loan.

99. Mark the oval beside the interest rate of your MOST RECENT PRIOR Stafford Loan. If you don't know the interest rate, look at your promissory note.

100. Mark your grade level (year in college) for your MOST RECENT PRIOR Stafford Loan.

Prior Stafford Loan Worksheet

Use this worksheet to complete Stafford Loan questions 96 through 100. List all of your unpaid Stafford Loans excluding the loan for which you are applying. Refer to your promissory notes for loan period dates and interest rate information.

Year in College	Loan Period From (Mo./Yr.)	Loan Period To (Mo./Yr.)	Interest Rate 7%	8%	9%	10%	Unpaid Amount
Correspondence	____	____	☐	☐	☐	☐	$ ____.00
1st year freshman	____	____	☐	☐	☐	☐	$ ____.00
2nd year sophomore	____	____	☐	☐	☐	☐	$ ____.00
3rd year junior	____	____	☐	☐	☐	☐	$ ____.00
4th year senior	____	____	☐	☐	☐	☐	$ ____.00
5th year undergraduate	____	____	☐	☐	☐	☐	$ ____.00
1st year graduate	____	____	☐	☐	☐	☐	$ ____.00
2nd year and beyond graduate	____	____	☐	☐	☐	☐	$ ____.00
	____	____	☐	☐	☐	☐	$ ____.00
TOTAL UNPAID LOANS (Enter this amount in question 96.)							$ ____.00

Answer questions 97 through 100 for the loan listed with the MOST RECENT loan period.

SLS Loan Questions

101. If you want to be considered for an SLS loan, give the loan amount you are requesting. Be aware that you may not be able to receive all of the money you request. The maximum amount you can receive in an academic year is $4,000.

If you do not want an SLS loan, leave this question blank and go to question 108.

102. If you want to defer (postpone) payment of your SLS loan until you either leave college or graduate, answer "Yes" and go to question 103. If you do not want to defer payment, answer "No" and go to question 104.

103. Complete this question if you answered "Yes" to question 102. If you do not want to pay interest while in college, mark the oval "Accrue; Capitalize." ("Accrue" means that interest is accumulated after a loan is disbursed, and "Capitalize" means accrued interest is added to the loan's principal balance.) However, your lender may ask you to pay the interest while you are in college. If you do want to pay interest while in college, mark the "Periodic Installment Payments" oval.

Questions 104-107 refer to your prior SLS loans. If you do not owe money on an SLS loan, enter "0" in question 104, and go to question 108. If you owe money on an SLS loan, complete the "Prior SLS Loan Worksheet" below before answering these questions.

104. Give the total unpaid balance for all of your SLS loans. Do not include the loan for which you are applying.

105. Give the unpaid balance of your MOST RECENT PRIOR SLS loan.

106. Give the month and year that your loan period started for your MOST RECENT PRIOR SLS loan.

107. Mark your grade level (year in college) for your MOST RECENT PRIOR SLS loan.

108. If you did not request consideration for a loan in either question 86 or 101, skip to question 109.

If you want either a Stafford or SLS loan, you have the right to choose the lender from which you will borrow.

If you know your lender code, give the 6-digit number. If you do not know the lender code, contact your preferred lender and ask for their U.S. Department of Education 6-digit lender code.

Prior SLS Loan Worksheet

Use this worksheet to complete SLS loan questions 104 through 107. List all of your **unpaid** SLS loans excluding the loan for which you are applying. Refer to your promissory notes for loan period dates.

Year in College	Loan Period From Mo./Yr.	Loan Period To Mo./Yr.	Unpaid Amount
Correspondence	____/____	____/____	$ ____.00
1st year (freshman)	____/____	____/____	$ ____.00
2nd year (sophomore)	____/____	____/____	$ ____.00
3rd year (junior)	____/____	____/____	$ ____.00
4th year (senior)	____/____	____/____	$ ____.00
5th year undergraduate	____/____	____/____	$ ____.00
1st year graduate	____/____	____/____	$ ____.00
2nd year and beyond graduate	____/____	____/____	$ ____.00
	____/____	____/____	$ ____.00
TOTAL UNPAID LOANS (Enter this amount in question 104)			$ ____.00

Answer questions 105 through 107 for the loan listed with the MOST RECENT loan period.

Section N. Other Student Information

This section will ask you for information needed by many colleges and state financial aid agencies.

109. List the ACT code number(s) for all college(s) you have attended. (See the ACT code listing in the instruction booklet.) Always list the college you most recently attended first. If you cannot find the ACT code number, enter "0000." Leave this question blank if you have not attended a college other than the one you will be attending during the 1991-92 academic year.

110. If you cannot list all previously attended colleges in question 109, mark "Yes;" otherwise, mark "No."

111. Mark the ovals next to the terms for which you are requesting financial aid (mark all that apply). These terms apply to the college you are most likely to attend.

112. Mark the oval that best describes your planned enrollment status at the college you are most likely to attend.

113. Mark the oval which best describes your preference for loan or work. Typically, if you are **eligible**, colleges will offer you one or the other, or both. Your answer to this question will help many colleges choose between loan and work if that should be necessary. Note: The colleges to which you are applying will assume that you wish to be considered for non-repayable grants.

114. If you currently have dependents other than a spouse, indicate how many fall into each of the three age groups.

115-116. **Other Veterans Educational Benefits.**

Write in the amount you expect to get per month from July 1, 1991 through June 30, 1992 from the new GI Bill (Montgomery Chapter 30), Vocational Rehabilitation (Chapter 31), Selective Reserve (Chapter 106), and REPS (Restored Entitlement Program for Survivors-Section 156). Don't include Death Pension, Dependency Indemnity Compensation (DIC), or your spouse's GI Bill. Also, don't include any benefits reported in questions 84 through 87.

Write in the number of months from July 1, 1991 through June 30, 1992 that you expect to get these benefits.

Section O. or Reminders

Depending on the edition of the FFS that you have, one of the following sections (or both) will be present on page 8.

— Section O, which asks for information needed by your state scholarship/grant agency, or

— Reminders, which provide you with helpful suggestions for completing the FFS.

Section P. Request for ACT Reports

117. Students may select to have ACT reports (CFARs) sent directly to colleges, agencies or programs. ACT reports include all of the information from Part 1 and Part 2 of the FFS. Enter the ACT code number from the code list on pages 14 through 24 of this instruction booklet for the colleges/agencies you wish to receive reports. Generally, you will want to include the same college codes you listed on page 4, question 50. Additionally, mark the oval that best describes your planned living arrangement for each college code you enter. Living arrangements do not need to be completed if you are entering agency or program code numbers.

118. Mark the "Yes" oval if you would like an ACT report (CFAR) sent directly to you.

Note: If you request ACT reports in question 117 and/or 118, you must complete Section O to determine the total fee you need to submit with your FFS.

Section Q. Fees

You must enclose a fee with your FFS if you want any ACT reports (CFARs) sent as a result of:

- requesting ACT reports in Section P, question 117.
- marking "Yes" to Section P, question 118.
- completing a "special state version" of the FFS Section Q (that requires a fee) and requesting that an ACT report be provided to that state agency.

To determine the total fee you must submit with your FFS, complete the "FEES" box on page 8, Section Q of the FFS.

Be sure to include the exact fee. If you send less than the correct fee, your reports will not be sent.

If you send more than the correct fee, ACT will not automatically send you a refund. Rather, ACT will credit your overpayment against the cost of having any additional or corrected ACT reports processed from your 1991-92 FFS. If you don't require these additional services, you may write to ACT for a refund. ACT will not refund amounts of $1.50 or less.

Make your check, cashier's check, or money order payable to "ACT." To assure proper credit, print the student's name and social security number on the check, cashier's check, or money order and place it inside the FFS (don't staple or tape your fee to the form). The check, cashier's check, or money order must be payable in U.S. dollars and drawn on a bank in the United States. **Do not send cash.**

Be sure to complete your FFS accurately. If, at a later time, you need to make corrections to information and request that revised or additional ACT reports be sent directly to colleges, it will cost you an additional fee.

Section R. Student's Name

Enter your (the student's) first and last name. This is used only as an internal control by ACT in the event the pages of your FFS become separated.

Worksheets #1 and #2

Worksheet #1

	For question 31 PARENTS	For question 31 STUDENT/SPOUSE
Wages, salaries, tips, etc.	$ .00	$ .00
Interest income	.00	.00
Dividends	.00	.00
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, social security, Railroad Retirement, and all other taxable income—see the tables on pages 5 and 6 and the instructions for question 31 or question 41)	.00	.00
Add all of the numbers in the column	.00	.00
Subtract IRS-allowable adjustments to income (payments to IRA and Keogh Plans, married penalty or early withdrawal of savings and alimony paid)	.00	.00
Total. This is your answer for question:	$ .00	$ .00
	#31	#41

We urge you to keep this worksheet. Don't send it in with your FFS. You may be asked to refer to it later to verify the information on your FFS. (It may also help to show that your SAR is accurate.)

Worksheet #2

	For question 58 PARENTS	For question 48 STUDENT/SPOUSE
Amounts from IRS tax forms:		
Deductible IRA and/or Keogh payments from Form 1040—total of lines 24a, 25, and 27, or Form 1040A—line 15b	.00	.00
Earned income credit from Form 1040—line 57, or Form 1040A—line 28b	.00	.00
Untaxed portions of pensions from Form 1040—line 16a minus 16b, and 17a minus 17b, or 1040A—line 12a minus 12b and line 14a minus 14b, excluding "rollovers"	.00	.00
Credit for Federal tax on special fuels from Form 1040—line 60	.00	.00
Foreign income exclusion from Form 2555—line 39	.00	.00
Tax-exempt interest income from Form 1040—line 8b, or Form 1040A—line 9b	.00	.00
Other untaxed income and benefits:		
Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings)—include untaxed portions of 401(k) and 403(b) plans	.00	.00
Welfare benefits (except AFDC or ADC which you should have reported in question 56 or 46)	.00	.00
Workers' Compensation	.00	.00
Veterans' noneducational benefits such as Death Pension, Dependency and Indemnity Compensation (DIC), etc.	.00	.00
Housing, food, and other living allowances (excluding rent subsidies for low-income housing) paid to members of the military, clergy, and others (including cash payments and cash value of benefits)	.00	.00
Cash support or any money paid on your behalf (e.g., support from a non-custodial parent)	XXXXXXXXX .00	.00
Any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, untaxed portions of Railroad Retirement Benefits, or Job Training Partnership Act noneducational benefits	.00	.00
Total. This is your answer for question:	$ .00	$ .00
	#58	#48

Don't include:

- Social security.
- Any income reported elsewhere on the form.
- Money from student financial aid.
- Food stamps.
- "Rollover" pensions.
- Gifts and support, other than money received from friends or relatives.
- Veterans' educational benefits (GI Bill, Dependents' Educational Assistance Program, VA Vocational Rehabilitation Program, VA Contributory Benefits, etc.).

We urge you to keep this worksheet. Don't send it in with your FFS. You may be asked to refer to it later to verify the information on your FFS. (It may also help to show that your SAR is accurate.)

Keep This Booklet!

You will need it to check your information or answer questions when you get your Student Aid Report (SAR) or other materials from ACT.

If you mail your FFS packet **before January 1, 1991**, it will be returned to you.

Special Instructions/Definitions

Dislocated Worker: To be considered a dislocated worker, you must be currently certified as one by a state agency such as your local Employment Service or Job Service. This certification is done in accordance with Title III of the Job Training Partnership Act. A dislocated worker generally means a person who:

- has been terminated or laid-off or has received a notice of termination or lay-off;
- has been terminated or received a notice of termination as a result of permanent closure of a plant or other facility; or
- was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster.

Foreign Tax Return: If you and your spouse, or your parents won't be filing a U.S. income tax return in 1990, (for example, Puerto Rican tax filers), follow the instructions below:

- In question 29 and/or 39 mark the correct oval: "completed 1990 IRS Form 1040" (if a foreign tax return has been filed); or "estimated 1990 IRS Form1040" (if a foreign tax return will be filed).
- Use the information from that tax return to fill out this form.
- Convert all figures to U.S. dollars, using the exchange rate that is in effect **today**, and
- Fill out Sections H through L.

Legal Guardian: A legal guardian is a person whom a court has:

- appointed to be your legal guardian and this legal relationship will continue after June 30, 1992; **and**
- directed to support you with his or her own financial resources.

Native American: If you are a Native American, report the amount of income and assets over $2,000 per individual payment that you and your spouse or your parents received in 1990 from the Per Capita Act or the Distribution of Judgment Funds Act. If $2,000 or less per individual payment was received from either of these Acts, don't report it. Don't report funds received as an award under the Alaska Native Claims Settlement Act or the Maine Indian Claims Settlement Act. Also, don't report any assets received from the Alaska Native Claims Settlement Act.

Additional Information On The Federal Student Financial Aid Programs

Do All Schools Take Part In The Federal Student Financial Aid Programs?

No. More than 8,600 schools do take part in one or more of them. Contact your school's financial aid administrator to find out which Federal programs your school participates in.

Where Can I Get More Information On Federal Student Financial Aid?

This booklet gives you only a brief summary of the student financial aid programs offered by the U.S. Department of Education. Each student financial aid program has its own special features and procedures. You can get more information from the booklet **The Student Guide: Financial Aid from the U.S. Department of Education-Grants, Loans, and Work-Study 1991-92.**

To get a free copy, write to:

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044

What Is My Pell Grant Index (PGI)?

The PGI is a number that tells whether you may be able to get a Pell Grant. If you are eligible for a Pell Grant, your school will use this number to determine the amount of your award. Even if you don't qualify for a Pell Grant, you may still qualify for one or more of the other Federal programs. Be sure to ask your financial aid administrator if your school needs any additional information from you for these other programs.

What Is My Family Contribution (FC)?

The FC is a number that helps your financial aid administrator determine if you are able to get one of the several available forms of assistance. These include Stafford Loan, SEOG, CWS, and Perkins Loan. Your school will use this number to determine the amount of your grant, loan, or work-study award.

What Happens After I Mail in My Form?

Within four to six weeks after you mail in your form, ACT, under contract with the U.S. Department of Education, will send you a **Student Aid Report** (SAR). On the SAR will be either a request for further information or numbers called a **Pell Grant Index** (PGI) and a **Family Contribution** (FC). The U.S. Department of Education uses formulas established by law to figure these numbers from the information you give us. Your school or the U.S. Department of Education may ask you to prove that the information you give on this application is true.

What Happens If I Don't Get A SAR Or I Need Another Copy Of My SAR?

If you don't get a SAR within four to six weeks, or you need another copy of your SAR, write to:

Federal Student Aid Programs
c/o ACT Student Need Analysis Services
P.O. Box 4021
Iowa City, IA 52243

Give your name, address, social security number, and date of birth. Be sure to ask for another copy of your **1991-92 SAR**. If your address has changed since you sent in your FFS, give both your old and your new address. Be sure to sign your letter.

What If My Situation Changes?

— Questions 14, 22, 23, 24, 27 and 28 ask you to make projections for the upcoming year. If your answers to these questions change, **wait** until you receive your SAR and then see your financial aid administrator.

— The income and expense information that you give must be accurate. They must match what is or will be on your 1990 income tax forms. If your financial situation has recently changed, contact your financial aid administrator.

Information on the Privacy Act and Use of Your Social Security Number

The Privacy Act of 1974 requires that each Federal agency that asks for your social security number or other information must tell you the following:

1. Its legal right to ask for the information and whether the law says you must give it.
2. What purposes the agency has in asking for it and how it will be used.
3. What could happen if you do not give it.

You must give your social security number (SSN) to apply for Federal student financial aid. The U.S. Department of Education's legal right under the "Privacy Act" to require that you provide us with your social security number is based on Sections 484(a)(4) of the Higher Education Act of 1965, as amended. The SSN is used under the Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study programs in recording information about your college attendance and progress, and in making sure that you have received your money. The SSN is also used under the Stafford Loan and Perkins Loan programs to identify the applicant, to determine program eligibility and benefits and to permit servicing and collecting of the loans.

If you are applying for Federal student aid only, you must fill out everything except questions 49, 49c, 49d, 50 and pages 7 and 8. If you skip questions 49b and 49c, we will count your answer as "No" for both parts of that question. If you are applying for a Pell Grant only, you can skip questions 6, 57, 58, and 67.

The authority to request all other information, except the SSN, is based on sections 411A, 411B, 411C, 411D, 411F, 474, 475, 476, 477, 478 and 480 of the Higher Education Act of 1965, as amended. This information is used to determine the amount of Federal student aid for which you may be qualified.

The information which you supplied may be disclosed to third parties that the Department has authorized to assist in administering Federal student aid programs. This disclosure may include private firms that the Department contracts with for the purpose of collecting, analyzing, tabulating or refining records in the system and who are required to maintain safeguards under the Privacy Act. This may also be accomplished through computer matching programs such as the ones currently conducted with the Selective Service System and the Immigration and Naturalization Service.

They will provide your name, address, social security number, date of birth, student aid indices, student status, year in college and state of legal residence to the colleges that you list in question 50 or its representatives, even if you check "No" in question 49c. This information will also go to the state scholarship agencies in your state of legal residence to help coordinate state financial aid programs with Federal student aid programs. They will provide information and determination of eligibility to the agency with which you have filed a student aid application, or another similar agency, if you request us to do so. That agency may also release information received from the Department to other postsecondary institutions and their loan guarantee agencies that you have designated to receive information. Also, they may send information to members of Congress if you ask them to help you with Federal student aid questions. If your parents or your spouse provided information on the form they may also request to see all the information on the application.

If the Federal government, the Department or an employee of the Department is involved in litigation, they may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain other conditions are met. The information may also be made available to Federal agencies which have the authority to subpoena other Federal agencies' records. In addition, they may send your information to a foreign, Federal, State or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, which that agency has jurisdiction for investigation or prosecution. Finally, they may send information regarding a claim which is determined to be valid and overdue to a consumer reporting agency. This information includes, identifiers from the record, the amount, status and history of the claim and the program under which the claims arose.

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ACT Financial Aid Code Listing for the 1991-92 Academic Year

This is a list of ACT code numbers and names of colleges and scholarship agencies which have told us they will accept ACT's Student Need Analysis Service reports. It is arranged alphabetically by state and by name of college within the state. Scholarships, agencies, and special programs are listed in the shaded area at the beginning of each state list. **NOTE: Do not list code numbers from the Agencies/Programs sections of the code list in section G, question 50 of the FFS.**

You should use this list to: (1) find the codes you wish to enter on your Family Financial Statement (FFS), and (2) find the codes you may request later on the "ACT Report Request" form ACT will send you with your SAR.

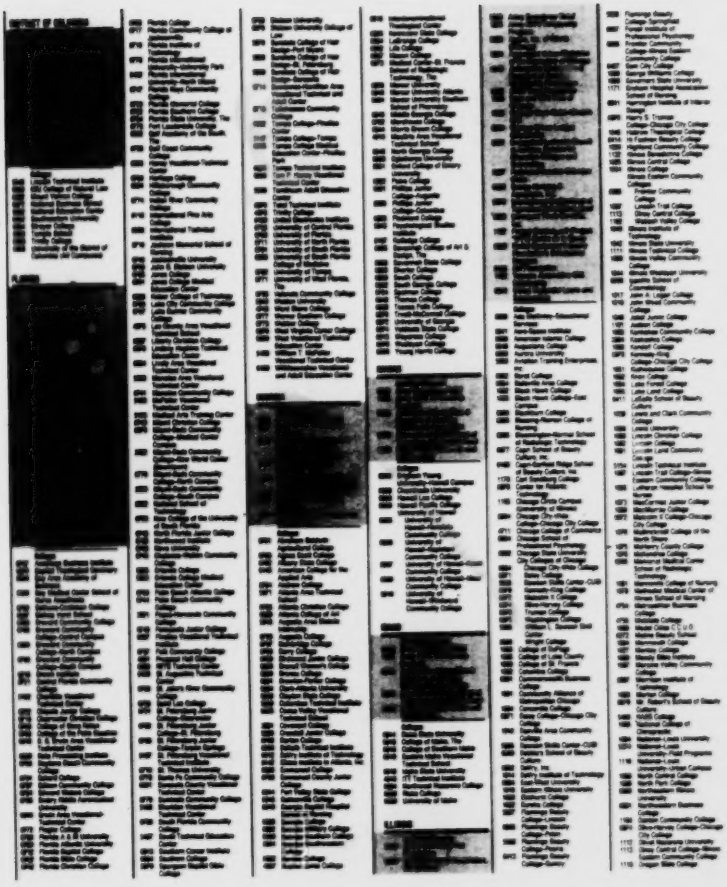
If you are unable to locate the ACT code number for your college choice on the list, check with the college financial aid office to make sure that the FFS is the proper form for you to use. If the FFS is the proper form, ask the college for their ACT code.

Use only ACT codes in questions 50 and 117 of the FFS. Use of other codes (or incorrect codes) may cause a substantial delay in processing your application and may result in colleges or agencies not receiving reports you have requested.

42-925 O—91——11

ACT Financial Aid Code Listing

ACT Financial Aid Code Listing



ACT Financial Aid Code Listing

ACT Financial Aid Code Listing

ACT Financial Aid Code Listing

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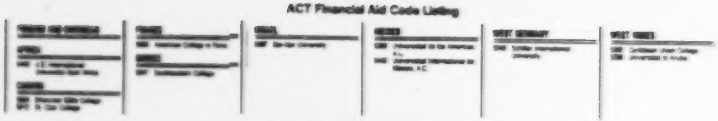
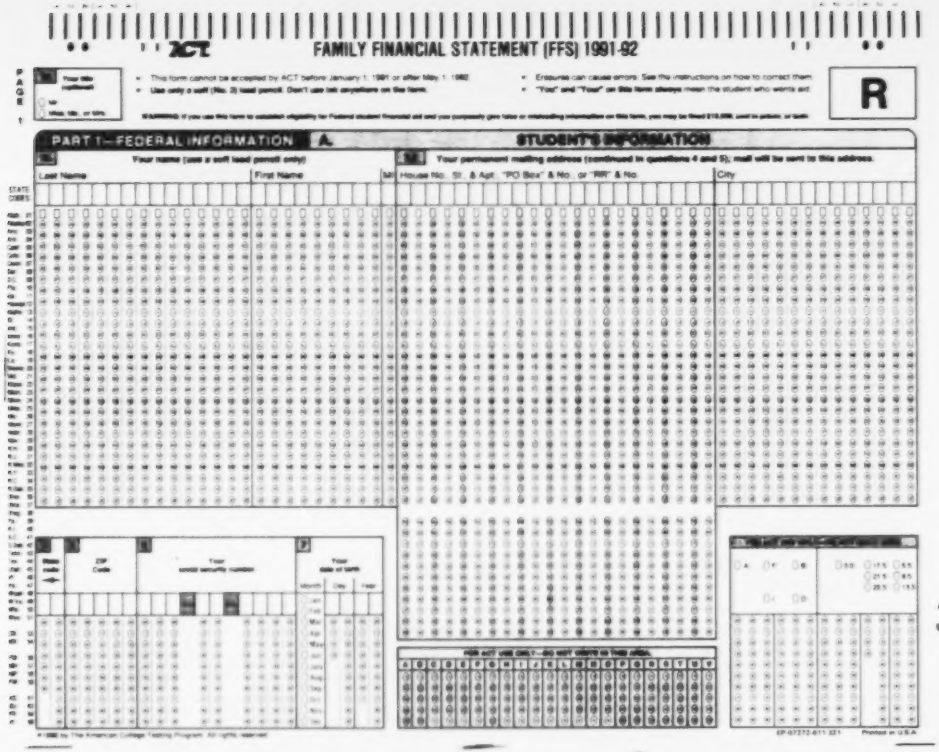
ACT Financial Aid Code Listing



State Student Financial Aid Agencies

332


ACT
FAMILY FINANCIAL STATEMENT (FFS) 1991-92
R
PART I—FEDERAL INFORMATION
STUDENT'S INFORMATION
Your name (use a soft lead pencil only)
Last Name
First Name
MI
Your permanent mailing address (continued in questions 4 and 5); mail will be sent to this address.
House No. (or Box & Apt. "PO Box" & No. or "RR" & No.
City
STATE CODES
ZIP Code
Your social security number
Your date of birth
Month
Day
Year
FOR ACT USE ONLY—DO NOT WRITE IN THIS AREA
EP-07272-611 321
Printed in U.S.A.

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333

PAGE 2 DO NOT STAPLE OR USE TAPE ON THIS FORM

A. STUDENT'S INFORMATION CONTINUED

8 Are you a U.S. citizen? (mark only one)

- 1. Yes, I am a U.S. citizen
- 2. No, but I am an eligible noncitizen. See instructions on page 3.
- 3. No, neither of the above. See instructions on page 3.

9 Alien Registration Number (eligible noncitizens only)

A

10 As of 10/93, are you married? (mark only one)

- 1. I am not married or am legally divorced or separated
- 2. I am married
- 3. I am widowed from my spouse

11 Enter your state of legal residence

State Code

See state code listing on page 1 - left margin

12 What year will you be in college in 1991-92? (mark only one)

- 1st year (never previously attended college)
- 1st year (previously attended college)
- 2nd year
- 3rd year
- 4th year
- 5th year or more (undergraduate)
- 1st year graduate or professional (beyond a Bachelor's degree)
- Continuing graduate or professional

13 Will you have your first Bachelor's degree before July 1, 1992?

- 1. Yes
- 2. No

B. Student's Status — READ THE INSTRUCTIONS BEFORE ANSWERING THESE QUESTIONS

14a Were you born before January 1, 1967?

- 1. Yes
- 2. No

14b Are you a veteran of the U.S. Armed Forces?

- 1. Yes
- 2. No

14c Are you a ward of the court or are both your parents dead?

- 1. Yes
- 2. No

14d Do you have legal dependents (other than a spouse) that fit the definition in the instructions on page 4?

- 1. Yes
- 2. No

If you answered "Yes" to this question, go directly to question 23. Skip questions 15 through 22.

If you answered "No" to all the questions 14a-14d, and you:

- completed high school (received a diploma) or will complete high school (receive a diploma) before July 1, 1992, go to question 15.
- started college after high school graduation or will start college after high school graduation before July 1, 1992, go to question 15.
- started work as an M.D. or D.D.S. after high school graduation or will start work as an M.D. or D.D.S. before July 1, 1992, go directly to question 23. Skip questions 15 through 22.

Unmarried (single, divorced, separated, or widowed) Undergraduate Students Only

15 Did your parents claim you as an income tax exemption in 1990? 1. Yes 2. No — in 1991? 1. Yes 2. No

If you answered "Yes" to both years, go directly to question 23. Skip questions 16 through 22. Do not complete page 3 of this form.

If you answered "No" to both years, go to question 16.

If you answered "Yes" to either year, go to question 16.

16 Beginning with the 1987-88 school year, you first received Federal student aid (mark only one)

- 1. in the 1987-88 school year, go to question 17
- 2. in the 1988-89 school year, go to question 17
- 3. in the 1989-90 school year, go to question 17
- 4. in the 1990-91 school year, go to question 20
- 5. None of the above (go to question 21)

17 Did you have total resources of $4,000 or more, not including parents' support in 1990? 1. Yes 2. No — in 1991? 1. Yes 2. No

If you answered "Yes" to both years, go directly to question 23. Skip questions 18 through 22. Do not complete page 3 of this form.

If you answered "No" to both years, go to question 18.

If you answered "Yes" to either year, go directly to page 3, question 25. Skip the rest of this page.

18 Did you have total resources of $4,000 or more, not including parents' support in 1990? 1. Yes 2. No — in 1991? 1. Yes 2. No

If you answered "Yes" to both years, go directly to question 23. Skip questions 19 through 22. Do not complete page 3 of this form.

If you answered "No" to both years, go to question 19.

If you answered "Yes" to either year, go directly to page 3, question 25. Skip the rest of this page.

B. Unmarried Undergraduate Students (Continued)

19 Did you have total resources of $4,000 or more, not including parents' support in 1990? 1. Yes 2. No — in 1991? 1. Yes 2. No

If you answered "Yes" to both years, go directly to question 23. Skip questions 20 through 22. Do not complete page 3 of this form.

If you answered "No" to both years, go to question 20.

If you answered "Yes" to either year, go directly to page 3, question 25. Skip the rest of this page.

20 Did you have total resources of $4,000 or more, not including parents' support in 1990? 1. Yes 2. No — in 1991? 1. Yes 2. No

If you answered "Yes" to both years, go directly to question 23. Skip questions 21 and 22. Do not complete page 3 of this form.

If you answered "No" to both years, go to question 21.

If you answered "Yes" to either year, go directly to page 3, question 25. Skip the rest of this page.

21 Did you have total resources of $4,000 or more, not including parents' support in 1990? 1. Yes 2. No — in 1991? 1. Yes 2. No

If you answered "Yes" to both years, go directly to question 23. Skip question 22. Do not complete page 3 of this form.

If you answered "No" to both years, go to question 22.

If you answered "Yes" to either year, go directly to page 3, question 25. Skip the rest of this page.

Married/Graduate/Professional Only

22 Will your parents claim you as an income tax exemption in 1991?

- 1. Yes
- 2. No

If you answered "Yes" to question 22, go directly to question 23. Skip question 23. Do not complete page 3 of this form.

If you answered "No" to question 22, go directly to page 3, question 25. Skip the rest of this page.

C. Student's (& Spouse's) General Info.

23 Number of family members in 1991-92

Mark the total number of people that you will support in 1991-92. Always include yourself. Include a spouse and any children you support. Include children only if they meet the definitions in the instructions on page 4.

24 Number of college students in 1991-92

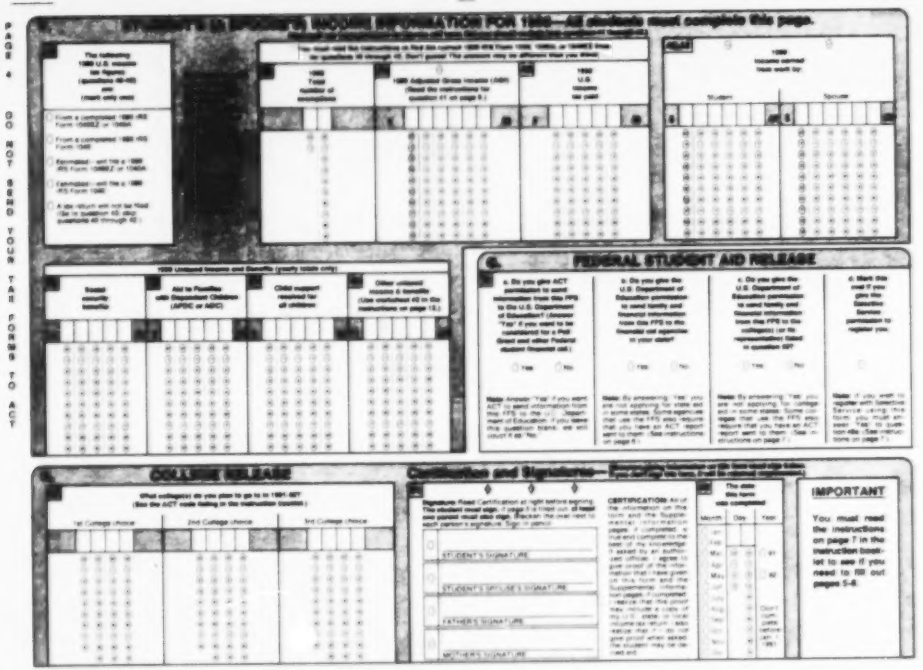
Of the number in question 23, mark the number in family members who will be in college at least half time. Include yourself, if a student.

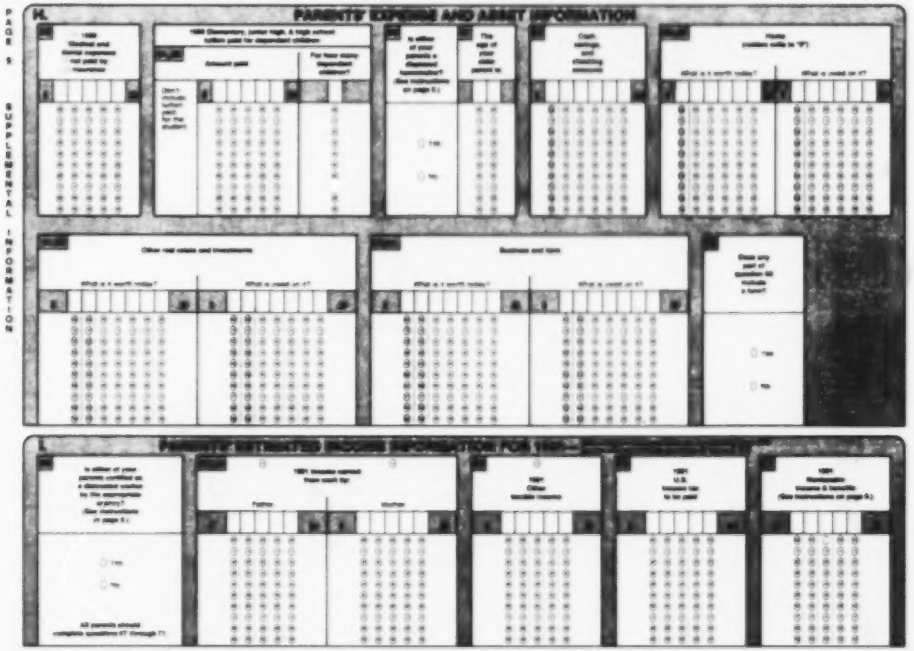
Skip page 3, go on to page 4, question 39.

PAGE 2 DO NOT SEND THIS PAGE FOR FORMS TO 4CF
What is your parents' current marital status?
Single
Married
Separated
Divorced
Widowed
What is your parents' state of legal residence? (See list on page 1, left margin.)
Number of family members in 1991-92
Mark the total number of people that your parents will support in 1991-92. Always include yourself (the student) and your parents. Include your parents' other children and other people only if they meet the criteria in the instructions on page 5.
Number of college students in 1991-92
Of the number in question 37, mark the number of family members who will be in college at least half-time. Include yourself (the student).
The following 1990 U.S. income tax figures (questions 38–39) are
(mark only one)
From a completed 1990 IRS Form 1040EZ or 1040A
From a completed 1990 IRS Form 1040
Estimated—will file a 1990 IRS Form 1040EZ or 1040A
Estimated—will file a 1990 IRS Form 1040
A tax return will not be filed. (Go to question 73; skip questions 39 through 52.)
You must read the instructions to find the correct 1990 IRS Form 1040, 1040A, or 1040EZ lines for questions 39 through 52. Don't guess! The answers may be different than you think!
1990 Total number of exemptions
1990 Adjusted Gross Income (AGI) (Read the instructions for question 39 on page 9.)
1990 U.S. income tax paid
1990 income earned from work by:
Father
Mother
Social security benefits
Aid to Families with Dependent Children (AFDC or ADC)
Child support received for all children
Other untaxed income & benefits (Use worksheet 42 in the instructions on page 13.)

337

338

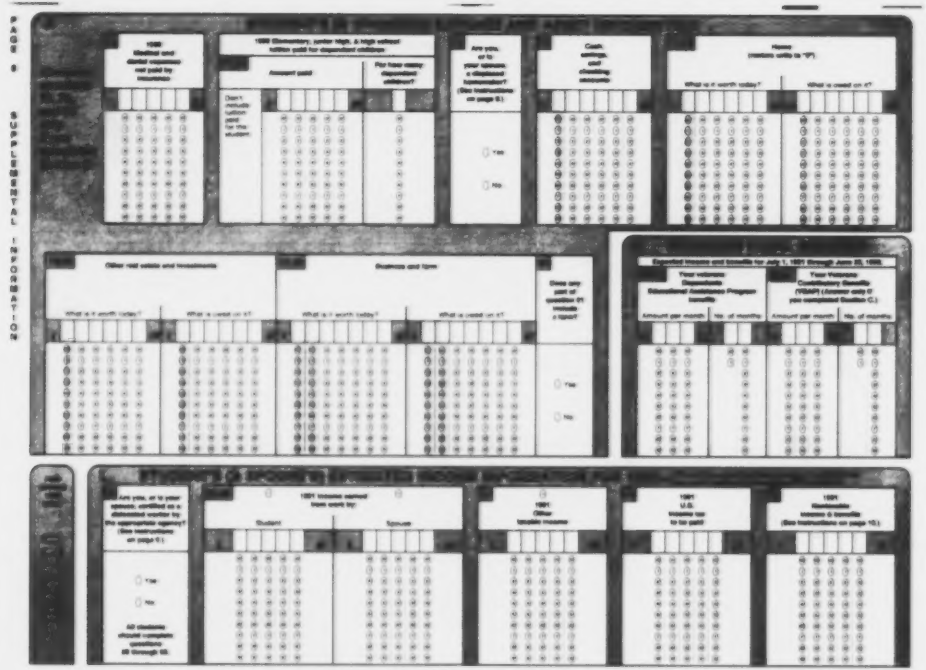

PAGE 4 DO NOT SEND YOUR TAX FORMS TO ACT
FEDERAL STUDENT AID RELEASE
COLLEGE RELEASE
IMPORTANT
You must read the instructions on page 7 in the instruction booklet to see if you need to fill out pages 5-8.

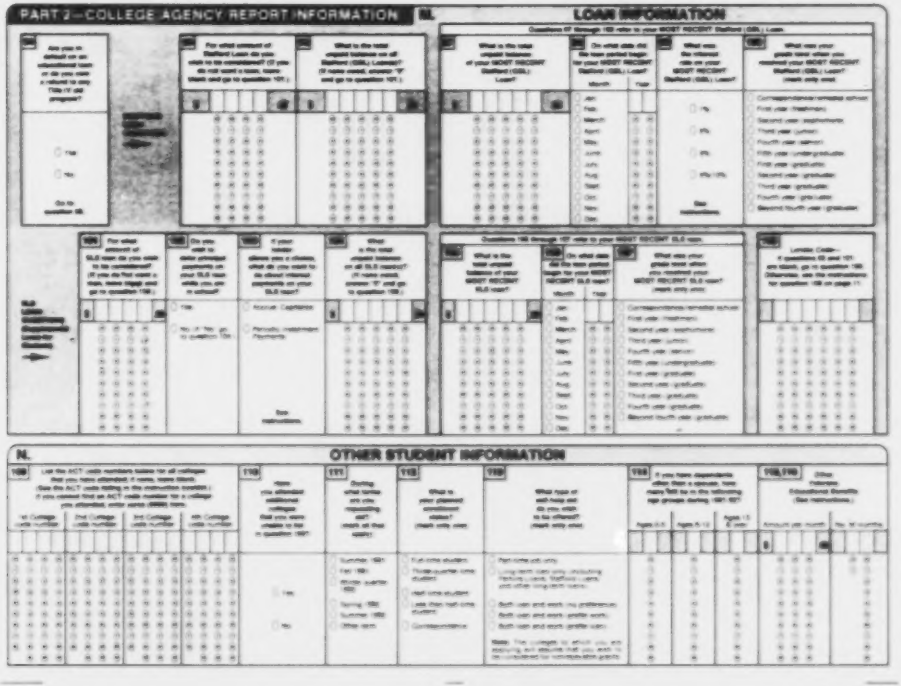

PAGE 3
SUPPLEMENTAL INFORMATION
H. PARENTS' EXPENSE AND ASSET INFORMATION
I. PARENTS' ESTIMATED INCOME INFORMATION FOR 1991

328

312

311





PART 2—COLLEGE AGENCY REPORT INFORMATION

M. LOAN INFORMATION

N. OTHER STUDENT INFORMATION

ABOUT COMPLETING THE FFS:

- Make sure the information on page 1 of the FFS has been entered and the ovals have been blackened accurately. Remember, reports from ACT will be sent to the address you list on page 1.
- Make sure you are considered for all the money for which you qualify. You are encouraged to apply for Federal student aid by answering "Yes" to question 49a.
- Make sure every question has been answered (except those you have been told to skip).
- Make sure there are no notes or stray marks on the FFS and do not write in sections you were told to skip. If you erased any oval, make sure the oval for the correct answer or the zero oval has been blackened in that column. Also, make sure that the correct ovals were blackened for every question you answered.

ABOUT DEPENDENCY STATUS:

- Be sure that all student status questions that apply to you on page 2, Section B, have been answered. These questions will determine your dependency status and tell you which sections of the FFS to complete.

ABOUT CODE NUMBERS:

- Make sure you have chosen the correct code numbers from the *ACT FFS Instructions and Code Listing Booklet*. Make sure you complete questions 50 and 109. Also, be sure to repeat the codes you listed in question 50 again in question 117 if you want ACT reports sent to any colleges/programs.

ABOUT SIGNATURES:

- Make sure the required signatures are present in question 51, or the FFS will be returned to you. The student must always sign. If page 3 is completed, at least one parent must sign. If the student is married, the spouse must also sign.

ABOUT MAILING YOUR FFS TO ACT:

- Do not send letters, tax forms, college forms, or extra material to ACT. Mail only the completed FFS and fee (if you completed page 8).
- Keep the instruction booklet. You may need to refer to it later.
- Make sure you mail your FFS by regular first class mail. (Special handling such as registered, certified, or express mail will delay processing of your form.)

ABOUT REPORTS AND FEES:

- If you answer "Yes" to question 49a, ACT will send you a Student Aid Report (SAR) after your FFS has been processed.
- ACT reports (called CFARs) will be sent to the colleges/programs listed in question 117 if the appropriate fee is submitted.
- ACT will send you a CFAR if you answer "Yes" to question 118 and you submit the appropriate fee.
- ACT will also send you an "ACT Report Request" form which you may use to later request additional or corrected CFARs.
- Make sure you include the correct fee for all reports requested in questions 117 and 118.
- If you complete page 8, remember to complete the "FEES" box (Section Q). This will tell you what fee to enclose.
- Make sure you check the appropriate fee box on the back of the FFS envelope. This will speed up the processing of your FFS.
- Make your personal check or money order payable to ACT. DO NOT send cash or coins.

ACT is a processing service only. ONLY colleges and/or programs can determine the amounts and types of financial aid for which you may qualify. If you request and pay for reports, ACT will send your colleges/programs an analysis they will use to determine your financial aid.

P. ACT REPORTS FOR ACT REPORTS

If you want ACT reports sent directly to any colleges, agencies or programs, list the ACT code numbers from the instruction booklet. Generally, you will want to include the same college codes you listed on page 4, question 50.

1st Code choice	If 1st code choice is a college, where will you live? (mark one)	2nd Code choice	If 2nd code choice is a college, where will you live? (mark one)	3rd Code choice	If 3rd code choice is a college, where will you live? (mark one)	4th Code choice	If 4th code choice is a college, where will you live? (mark one)	Use	Do you want to request an ACT report for yourself?
	With parents / Campus housing / Off campus		With parents / Campus housing / Off campus		With parents / Campus housing / Off campus		With parents / Campus housing / Off campus		Yes (See instructions on page 11.)

Q. FEES

Complete the boxes below to determine the total fee you need to submit.

Write in the number of codes you listed in question 117

+ Write in a "1" if you marked "yes" to question 118

= Total reports requested

Total reports requested	Pay this amount
1	$ 5.50
2	$ 9.00
3	$12.50
4	$16.00
5	$20.50

(Check the box on the back of the envelope for the total fee you are submitting.)

R. Student's Name

Enter your (the student's) first and last name below. Note: This will be used to match the pages of the FFS if they become separated.)

First Name (Please Print)

Last Name (Please Print)

NOTE ABOUT SIGNATURES: The signatures on page 4 certify that you have read and understand the FFS instruction booklet, and that all of the information on this form, including information provided on pages 5 through 8, is accurate and complete.

Senator COCHRAN. Thank you very much, Thomas Hood. We appreciate your being here and your very helpful comments.

I was interested in looking as part of your statement the letter you attached that you wrote to the

Department of Education back in March of 1989, talking about some of your experiences in dealing with parents who were filling out these forms and filing these applications. The one you had an opportunity to visit with here who was looking for the student aid report, and she revealed that she knew she was getting a Pell Grant, because the form she was holding in her hand, it was a student aid report.

Mr. HOOD. That was a real interesting experience. She was just ugly to me. In fact, she was about ready to get in contact with you about this whole thing. [Laughter.]

I said what can we do to help you here. I said I know you have a program coming, but you have not delivered this form to me yet. Finally, she said, "I know I have, because I am holding it here in my hand." I said yes, that is the form, please send it to me. It is that confusing. You try to provide the information up-front with the information that we have received from the multiple-data entry processors. We let them know what kind of aid they are eligible to receive, but the parents and the students have to follow through, and they usually do not know quite what to do with these five pieces of paper they are holding in their hands, and, quite frankly, it is very confusing.

Senator COCHRAN. This is also what you have given us today, too, the various forms. Just picking all of these up is a task.

Mr. HOOD. It is a little bit overwhelming, and the normal reaction is what do I do now with that.

Senator COCHRAN. Well, it is intimidating to someone who is not a CPA or a tax lawyer and not used to dealing with things like this, it is awfully frustrating.

Mr. HOOD. I think it is an important point to understand that each institution operates on the basis of their own personality, their own individually, and so, therefore, we all cannot quite do the same things.

At our institution, we are able to put our financial aid system and our student information system together, we have eliminated an institutional application for financial aid. We have made it as simple as possible, and yet the quote I gave to you today is a letter I just got recently. What if I had another form to add to this? I think it would only enhance that confusion.

Senator COCHRAN. Well, I hope that this gives us an opportunity to improve the situation and to make some real progress toward simplifying the process and the forms. I am certainly going to be interested in devoting my efforts and energy, and I know my staff is going to be very sensitive to the responsibility that we have to work in a constructive way this year on that issue.

The other day, when we had the hearing in Washington, they had examples of these applications blown up on poster-size boards in the hearing room, so the members of the committee and staff could see them all and we could see the examples very clearly.

I wonder whether or not, from your experience, Tom Hood, do you think high school guidance counselors are well-prepared or prepared as they should be to help students deal with these forms?

Mr. HOOD. I think not prepared at all is closer to the situation. They call me on the phone and say, "I don't want to have anything to do with these, these are students that come to your school, you take are of them," and that is almost a quote. It is unfortunate. We have provided opportunities to help train them, but the changes each year just make the system even more intimidating, and it is threatening to them. They are afraid of providing the wrong information.

One recently called up and insisted that I speak on using a certain form. Well, I said I will accept whatever form you have. I say we do prefer the CSS form, however, they can use any one. She said, oh, no, they can't, and I said, oh, yes, they can, and we went back and forth for awhile on that, until she was finally convinced that all forms will do the same thing, if you choose to use them that way.

Senator COCHRAN. Well, you mentioned also, I think in your statement about using the short form for some of the needier students is really a disservice to themselves, as they end up not getting the financial assistance they would otherwise qualify for, if they had used the long form.

Mr. HOOD. Dr. Flippin related to the situation where the issue of assets really should not count, and in the case of the simple analysis, the amount that is used to protect the family's assets, in some instances when you are very poor, there is a negative amount you can then subtract from the income, therefore, lowering the expected contribution, but in the simple formula, they just ignore assets completely and accept whatever they can contribute from the income, so sometimes you get several hundred dollars higher contribution for the needier student than is really there if we had used the full form, so it has not always served well, even though many have qualified for it.

On the other hand, it can work in other situations. It is just that a simple approach does not serve all the purposes well.

Senator COCHRAN. One acronym that Dr. Prather used in his comments was MDE. This is the central processor, or what does MDE stand for?

Mr. PRATHER. That is multiple-data entry services, CSX and ACT, and the central processors is the Federal——

Senator COCHRAN. You suggested eliminating the central processor and the fee charged to students who applied for aid.

Mr. PRATHER. The central processor, I just feel personally, is a step that is involved and basically my understanding is the central processor is the production of the student aid report in the need analysis system. What I think would be better service-wise for the central processor's role is to maybe be a national student data base or data bank, if you can think of it in those terms, to collect Social Security numbers, draft registration, default records of students to serve as a national data bank that could share information with all of the MDE, the multiple-data entry processors.

What I guess I am proposing is the entire system be handled or the MDE's services be able to be this full-service thing, not have to

rely on the central processor to get the information for the student aid report, let the MDE's have the authority and responsibility of actually going ahead and producing all information that is needed for the student and the institution, and this I think would just relieve the step.

If I am going to use CSS as an MDE for my needs analysis system, then I could just go back and forth with them on the paperwork flow that is needed for the institution, and then it is their responsibility to reproduce everything to the student, and they would then not have to have any comment or coordination back and forth with the central processor.

Senator COCHRAN. The statement that you provided us, Dr. Prather, identifies three specific problem areas from your point of view, high taxation rate of defendant student's income, independent student definition, and inclusion of farm and home equity in the methodology. Do you have any suggestions for modifications or changes in the laws that would address those problem areas?

Mr. PRATHER. As Mr. Hood has already related, when you deal personally with students, when you talk to them about how their need has been determined and what they have been deemed eligible for, you take a student, for example, number one, the high taxation rate and the needs analysis methodology of a dependent's student's income—as a matter of fact, I just talked with one this week that made approximately $2,000 last year, and then in the needs analysis computation she is expected to have in hand for the 1991-92 year $1,400 of that $2,000. That is not feasible for that student to have that. They had to use it for living expenses or for paying for things that they incur in high school or helping with home situations or different types of things.

Their income that they made the previous year is being counted so heavily toward their contribution that it is making them ineligible for grants or loans or even college work-study, so I think that percentage that they are being taxed at, if you will, I think that is one thing that needs to be lower.

We often hear a lot about really what is an independent student, should we have a very simple definition, and I think there are many comments based on that. But the same thing is true with a dependent student's income, with the high taxation rate of the single independent student also.

Monday of this week, I had a student come to me and we reviewed the eligibility for 1991-92. She is a single independent student, she made $6,000 income in 1989 and she was eligible for $800 of Pell Grant for this current year. This past year, in 1990, as she worked and went to school full-time, she made $10,000, and that disqualified her for a Pell Grant next year. She is taxed at nearly a 70 percent rate off her $10,000, and so she is almost ineligibility for any type of financial aid. I think the percentage is what I am saying of how much would count of a student's income needs to be lowered somehow.

The last thing, on the home equity, I know that is a very debatable subject in the needs analysis methodology, but many of us in the financial aid arena think this should be excluded, because there are many, many situations where families have lived in their homes all their lives, they have worked hard and they have paid

their home off and it is theirs that they have worked for. They have several thousand dollars of equity built in their home, but yet in the methodology, this is counted against them.

It is kind of like saying, well you have got this equity in your home you go out and take a second mortgage and pay for the student's education. So, these are the types of things that I think I would like to have reviewed and to maybe give the students some leeway.

Senator COCHRAN. I appreciate having those suggestions and we will certainly look into the possibilities that you raise for making changes in those areas.

Dr. Flippin, you made some excellent recommendations, as well, specifically about things that could be changed and improved in this reauthorization process. I am told that my staff has urged you to be prepared to walk us through a process that a student follows in the application for student assistance, where the papers go, sort of on a step-by-step basis. Can you do that for us, briefly, as we wind up our hearing?

Mr. FLIPPIN. I think before I start that process, Senator, your colleague and I would think friend Senator Pell has contended that this has been a very complicated process for a number of years, this is not something that is new that we are talking about.

My concern is even further than the young people that are attempting and families that are attempting to file these forms. An intervention, if you would, early in the process, in junior high school, 7th, 8th and 9th grades through the TRIO, Upward Bound, junior high school counselor-type scenarios.

Two philanthropers that are well known, Mr. Taylor and Mr. Lang in New York and Mr. Taylor from Mississippi, as a matter of fact, I think——

Senator COCHRAN. Right, Marion County.

Mr. FLIPPIN [continuing.] Have proposed rather creative and innovative-type programs, the focus of which is merely creating an understanding and an awareness early in the process. The process is too complicated and it must be simplified.

In some of the presentations I do, I use a concept similar to what Tom Hood did with the forms, but I have them taped together, and it is an eye-opening experience to be able to show the families when I role them out and they will reach from here to pretty much the other side of the organ there, as it relates to how long they are, the forms.

As the panel before us alluded to on several occasions, first-generation students, first-time, first-attempt at postsecondary educational opportunities, the process is long and difficult for a young person and/or a family to apply for student financial aid.

The process optimally should being in the high school, with the decision being made, hopefully, as it relates to narrowing down to two or three different colleges that this person might want to attend, and in that high school, assuming that they know which one of the 5 or 6 different forms they need to fill out, assuming that the high school counselor can help them as to knowing what is good for them to fill out the whole form, or stop at certain points on the form.

This form initiates the calculation process, going to one of 5 or 6 multidata entry stations, which is an analysis component. American college testing is one, the College Scholarship Service, which is a subsidiary of ETS, is one, and there are several others.

Along at the same time that this needs analysis process is being initiated is that the initial contact with the experts, if you will, on campus should be somewhat simultaneous, not only as it relates to student financial aid forms that are peculiar to their particular campuses, because there is a diversity of the availability of different kinds of aid, in addition to Federal aid, on these campuses which are generally driven by an individual form from those campuses.

As this needs analysis process proceeds and because of an increased or rather profound degree of technology availability, many times these can be transmitted without using the mail per se. And what I think Tom Prather was saying earlier is give me one place to go to get the data, let me pull it down and let me communicate back and forth, and most probably in an electronic-type mode, with one entity, whichever one that is. I do not need for all 5 of them to collapse into one central place that has to go back to them, to me, to whatever. That makes the process confusing not only for the students and parents, but to the aid administrator.

If indeed the student is defined to have needs—and when I had a real job on the campus, when I was a real aid administrator like Tom Hood and Tom Prather here, I was never able to define the definition of "need" that this family would agree with me, that their definition was the same as mine. Their definition of need and your definition of need most often is totally different. But this definition of need, which is just very simply the cost of education, minus the ability of the family to pay, is what is left, and then the awarding process or, as we call it in this particular business, the packaging off, which is generally a diversity of aid that is available, some loan, some grant, some scholarship packaged together to meet this need, a combination of those ultimately is awarded to that student, after a long process.

Senator COCHRAN. Well, your testimony has been very helpful to us. All of your views have been appreciated and I think will serve us well, as we go back and get into the process now of actually legislating and crafting the provisions and trying to get the votes to support a consensus on what to do to try to improve the process and guarantee the access.

I think this has been an excellent hearing. From my perspective it has, anyway. We have covered a lot of ground and we have had a lot of different subjects discussed under the general umbrella of the Higher Education Act reauthorization.

I especially want to thank the members of my staff who have been here and helped with the arrangements and helping to make sure this was a successful hearing, Doris Dixon, especially, who has been here at the committee table throughout the hearing, from my office in Washington.

James Davis, who has been here from my office in Jackson, who tries to help deal with some of the complaints you were mentioning, Thomas Hood, the woman who was about to call me, James

Davis would have been the person ending up having to talk to her and try to walk that one through to a final conclusion.

Beth Bridgforth, who is here at the table, is a legislative aide in our office in Washington, working with us on the subject of education and some other issues that come under the Labor and Human Resources Committee jurisdiction.

Lynnette Moten, who is here from my Washington office, as well, who is our press secretary, managing to deal with all the questions and inquiries from the news media during the course of the hearing.

And we want to thank Chris Bitsko, who is here from Miller Reporting, in Washington, to help transcribe this hearing and make it available to our committee as a transcript for our review, as we go through the hearing process, complete the hearing process and begin our reauthorization.

And to the Millsaps College administration and staff who have been so helpful to us, we deeply appreciate your generosity in making available these facilities for this purpose.

For anyone who wants to add comments or make further suggestions about the process, we would be happy to receive any written comments or statements or addenda to what we already have accumulated and make it a part of the hearing record, and we would appreciate receiving that. If you would want to just write a letter and include that with a suggestion, that is fine, too. Just write me, Senator Thad Cochran, U.S. Senate, Washington, DC, and I will get it and we will make it a part of the record.

Thank you very much, all of you, for making this a successful hearing.

[Additional statements and material submitted for the record:]

Prepared Statement of James R. Stanley

Good morning, I am James R. Stanley; senior vice president for Governmental Relations and External Affairs of Phillips Colleges, Inc. of Gulfport, MS. I bring you greetings this morning from our chairman, Gerald C. Phillips and Mrs. Ary C. (Bess) Phillips, the founder and first president of the Phillips Colleges System of Gulfport. The Phillips' family has been in the business of educating and training American youth and young adults for 45 years.

Phillips Colleges, Inc. represent 78 coeducational institutions, operated with private capital, in 30 states—from the Gulf Coast of Mississippi to the Midwest's great capitals along the Great Lakes, and from California to New York State. We serve 50,000 students nationwide and employ 6,000 faculty and administrative staff.

The family-owned business began in 1946 when two business education teachers, Ary and Bess Phillips, purchased a traditional business college in Vicksburg and 12 years later took the first steps toward expansion and the creation of the largest system of privately-capitalized postsecondary institutions in America. Mrs. Phillips acquired Carr Secretarial School (founded in 1927 as Mayer Business College) in Gulfport, MS in 1958. That school is now our flagship institution—Phillips Junior College of the Mississippi Gulf Coast.

When Gerald Phillips graduated from the university of Mississippi in 1961, he assumed the management responsibility for the college and his wife Lynette, a primary/secondary school teacher, took over the academic side.

I take the time of this committee today to relate this personal side to our business because it is my impression that most people in the public policy arena and in the higher education community misunderstand our sector of higher education, and believe—for lack of accurate or adequate information—what the media chooses to tell us about private career education in America. All too frequently we believe what we read in the newspapers or in *Readers Digest*, what we see on the six o'clock news or on NBC's "*Expose*," or what we hear on the radio about "fly-by-night trade schools."

and we tend to accept myths and old wives tales that sobering thought and sound scrutiny would suggest deserve a prompt dismissal!

Before turning to the subject I want to address in my testimony today, I want to dispel a few of those myths and wives tales. let me summarize them briefly, for you:

—profit-making corporations are inherently prone to certain abuses, and should be subjected to a different set of rules and standards;
—trade schools rip-off students and don't really provide quality education; and
—proprietary schools are in it for the money, they don't really care about students, they want to make a buck and move on.

Without going into a great deal of detail, although I would be pleased to answer any questions you may have at the end of my testimony, I hope you and your colleagues, who represent the chief higher education executive officers, will give careful thought to the following during your present deliberative process:

—On the subject of for-profit institutions being exclusively prone to abuse in the higher education community—Stanford University, Harvard University, the California Institute of Technology, and other traditional institutions have withdrawn more than $2,541,000 billion in overhead charges to the Department of Defense, after the Defense Contract Audit Agency estimated that Stanford may be guilty of overcharging the Navy Department $16–$20 million annually from 1981 to 1990. The questioned expenditures and excess charges as part of "indirect costs" or "overhead" include such things as: (1) trustee retreats, country club membership payments, a $1,200 antique commode, a $10,000 set of donated silverware, $700,000 in expenses associated with a 72-foot yacht, $2,000 per month in floral arrangements for the Stanford president's home, $3,000 for a cedar-lined closet, and $2,000 to refurbish a grand piano; (2) overhead rates of 65 percent at the University of Pennsylvania, 62 percent at MIT, 60.5 percent at USC and 49 percent at University of California, Berkeley; and (3) a proposed (to HHS) 100 percent indirect cost rate by Harvard University Medical School for the current fiscal year.
—On the subject of trade schools not providing Quality education, and ripping off students—William Ross attended Creighton University on a basketball scholarship for 4 years, and played Division I Basketball until his eligibility had expired. After leaving Creighton, he returned to Chicago, from whose public schools he held a diploma, and enrolled in Marva Collins West Side Preparatory and learned how to read and write! Dexter Manley, a stand-out defensive end for the Washington Redskins for many years, and now with the Phoenix Cardinals, attended Oklahoma State University, where he played Division I Football for 4 years. He admitted recently before Senator Paul Simon and this subcommittee, that he could only read at the second grade level! Finally, according to the Louisville *Courier-Journal*, during Basketball Coach Denny Crum's two decade long tenure as head basketball coach, only six players have received degrees from the university. Coach Crum says that is a false standard, and that he should be judged by how many athletes he places in the National Basketball Association! Unlike Mr. Crum's standard of institutional effectiveness, proprietary schools complete in the toughest arena of institutional accountability known to mankind—the economic marketplace. We are judged daily by the public that is skeptical by nature and driven to be even more so by the print and electronic media when they indiscriminately report fraud and abuse at a few schools as if it applies to all proprietary institutions of higher education. Still, because the Phillips Colleges serve the legitimate needs of the career conscious and skills-oriented high school graduate and adults—a group largely ignored by the traditional sector until the onset of the decline in the available pool of college-age youngsters and the increasing demand of employers for technically-trained personnel—our applications and enrollments are growing. We welcome outcomes measurements—but believe they should be applied across the board to all postsecondary institutions—including persistence to graduation, employment in academic major or field of training, and student loan repayment, where applicable.
—On the subject of being in it for the money, and not caring about the students—intercollegiate athletics has nothing to do with money, which is why CBS paid $1 billion for the rights to broadcast the NCAA Basketball Tournament; ABC/Capital Cities paid $300 million to broadcast college football's "Game of the Week;" and Notre Dame withdrew from the College Football Association (CFA) in order to negotiate its own independent contract with ESPN for $35 million annually. The graduation rates for students and student-athletes at the major Division I Basketball and Football Conferences should not go unnoticed:

Graduation Rates

Conference	All	Athl	Football	Basketball
Atlantic Coast	65.6	66.2	55.4	32.0
Big Eight	46.0	42.3	39.4	34.8
Big Ten	59.1	58.0	50.0	43.9
PAC Ten	50.1	52.9	46.6	40.6
Southeastern	46.0	36.4	32.2	14.0
Independents	51.4	59.0	51.7	33.3

The *Chicago Tribune*, March 27, 1991: Survey of 262 Division I Schools by The Chronicle of Higher Education

NOTE: Thirty-five of 97 Division I basketball schools graduated 20 percent or less of its players and another 33 percent graduated 40 percent or less. Of 103 Division I-A football schools, 53 had graduation rates of 40 percent or less for their players, including 14 with 20 percent or less.

So as you can readily see, many glass houses do exist in the higher education community . . . but we do not seek to throw stones, rather we seek to reform the process by which institutions gain access to title IV, Federal financial aid, and to demonstrating that commitment through verifiable institutional effectiveness.

I would now like to turn to a brief discussion of the issue that will pervade the 1992 reauthorization of the Higher Education Act—integrity and reform of the process by which postsecondary institutions gain access to the title IV, student assistance programs. Further, I believe we must examine how the states, the regional and national accrediting bodies, and most importantly, the Federal Government monitors institutional compliance with their own rules and regulations.

Roles of The Triad

Over the years three primary entities (known as the Triad) have been involved in the severable and distinct processes of: (1) state authorization of a school or college to operate within its territorial boundaries and monitoring institutional business practices for the protection of consumers (students and potential students), maintaining health and safety standards, and assuring compliance with state labor, employment and civil rights laws; (2) private accrediting bodies evaluate, through the peer review process, academic programs, institutional fiscal and management resources (faculty, library resources, and financial strength and management capacity) to determine the ability of the institution to deliver a high quality academic program, degree or certificate; and (3) the Federal Department of Education whose responsibility includes certifying accrediting bodies which then recognize and accredit institutions of higher education, as well as the department's responsibility for determining which postsecondary institutions may participate in the title IV programs, and then monitoring the compliance of those institutions with applicable laws and regulations.

Although the Triad has not worked well in recent years, for reasons which will be articulated later, the theory supporting the respective roles of the members of the Triad is sound, and should be reinforced. As Dr. James M. Phillips, executive director of the accrediting commission for the Association of Independent Colleges and Schools, wrote in "The Roles of the Triad" for career training:

> . . . the Triad evolves from the distinct roles assigned to and accepted by the Federal Government, respective state governments, and accrediting bodies. Misunderstanding arises because of the lack of general knowledge about or acceptance by critics of the powers and limitations inherent in the authority of these three entities."

Equally important is the view expressed by Dr. Dorothy C. Fenwick, director of the accrediting commission of the National Association of Trade and Technical Schools (NATTS), in an article "Bringing the Triad Back to Life" in the March 1990 issue of *Career Training:*

> "Today, there is general concern about the effectiveness of the Triad. Although there is general consensus that it is not the perfect system, it is a viable option since no one member of the Triad has the individual resources *or legal author-*

ity, (emphasis ours) either constitutionally or legislatively, to assume total oversight responsibilities for private career schools."

The Department of Education, and its predecessor, the Department of Health, Education and Welfare (HEW), have relied on state licensing and private accrediting bodies—notwithstanding the fact that they were not developed, nor do they operate with the title IV programs in mind. The processes used by the states and the practices of accrediting bodies may not be well-suited to the Federal Government's needs in determining whether or not an institution of higher education should be allowed to participate in the title IV programs.

The States—Licensure and Consumer Protection

All postsecondary institutions, in order to operate within a state, must receive their authority to do so from the appropriate state licensing body. In most states, there are two or three or more such bodies—one for non-profit 4-year public and private institutions, one for community colleges and collegiate proprietary institutions, and one for vocational, non-degree granting schools. Often there is a third or fourth for cosmetology schools, for example in Texas, there was a separate board that monitored cosmetology schools, and another that regulated trade and technical schools. The public safety or traffic bureau registers truck driving schools, while the state education agency licenses and monitors those schools that grant degrees. In many of the states with multiple licensure or regulatory agencies the various agencies have little contact or coordination with each other. In addition, oversight and monitoring may also be shared among other state agencies including, for example, the attorney general may have responsibility for consumer protection (Illinois and New York) to state regulatory agencies which monitor business practices and protect the health and safety and civil rights of workers, minority, female and handicapped citizens, and oversight of labor management relations. These and other "police powers" are exclusively reserved to the states.

Proprietary schools are also regulated at the state level by the state agency responsible for operation of state funded student aid programs, whether or not proprietary school students are eligible to participate. In 36 states, proprietary school students are eligible for state financial aid programs. In these states, administrative regulations that apply to schools participating in the state aid programs apply to proprietary institutions as well.

Accreditation—Peer Review and the Assurance of Quality

In contrast, regional and national accrediting bodies have no police power, nor have they sought to exercise that kind of power. Increasingly over the past few years, the Congress and the Reagan-Bush administrations have sought to add to the responsibilities of private career school accrediting agencies, especially as it relates to addressing concerns about student loan defaults, in a way which detracts from their basic purpose and mission. Accreditation has become a "policeman of last resort" because the states and Federal Governments—due in part to limited resources—have defaulted on their responsibilities as members of the Triad. In fact, the addition of policing responsibilities has blurred the distinction between the duties of accreditation agencies, and those of the states and Federal Government.

According to the Council on Postsecondary Accreditation (COPA), accreditation is a "a system for recognizing institutions and professional programs affiliated with those institutions for a level of performance, integrity and quality which entitles them to the confidence of the educational community and the public they serve." Accreditation was designed to be a voluntary, collegial process, characterized by "peer review." It is a "process to evaluate the educational efficacy of an institution and to help the institution improve its offerings on a continuous basis through planning and dialogue with peers" according to Jim Phillips. Although accrediting bodies may implicitly monitor consumer protection and the administration of student financial assistance, that never has been nor should it be their principal responsibility. Almost by definition—accreditation reviews usually occur on a 5-year cycle—such matters are beyond the reach of the accreditation process.

The Federal Government—Rulemaker and Regulator

The Federal Government's fundamental task is to establish the criteria for determining which accrediting bodies will be recognized by the secretary. This is done by Congress in Section 1205 of the Higher Education Act (20 USC 1145) and is one of the thresholds to be crossed before gaining institutional access to title IV funds. Secondly, the department, by regulation, establishes an eligibility and certification

process whereby the department decides on the eligibility of institutions and programs of study in which students may enroll using Federal financial aid. The role of the Federal Government is defined by the higher education and departmental regulations issued pursuant to that act. Since the constitution reserves primary responsibility in the education arena to the states, the Federal Government may not interfere in an institution's curriculum. This prohibition was repeated in the Department of Education Organization Act.

Above and beyond its gate-keeping and regulatory function, is the Federal Government's sole responsibility for monitoring institutional administration of the student financial aid programs by colleges and universities, community and junior colleges, private career schools, etc. It is in this critical oversight area, where attention has been most lax.

In order for the Triad to function effectively, each of the three components must rely on the other two to execute its responsibility. If any one component fails to properly carry out its tasks, then the enterprise will falter of its own weight. No one member of the Triad has the resources or legal authority to assume the responsibilities of any other, their only salvation is in a collective and coordinated solution. It does little good for anyone to shift its responsibilities to another, or to ignore or blame the other for individual and collective failings. The Triad is best understood as an interdependent process, or as Dr. Dorothy Fenwick has said "... It is important to note the domino effect of the process in place. Licensing is reserved to the states and without licensing, accreditation cannot begin. Without the first two, state licensure' and accreditation, eligibility for Federal financial aid is impossible."

As a representative of Phillips Colleges, Inc., I have had the privilege not only to serve as a member of the joint committee on reauthorization for the Association of Independent Colleges and Schools (AICS) and the National Association of Trade and Technical Schools (NATTS), but also to work with my peers in three other proud and distinguished corporate managers of private career schools. Working together, we have developed a comprehensive set of reauthorization proposals to reform the Triad.

I am pleased to say to you today that not only have they been adopted within the proprietary sector by AICS and NATTS, but they have also been embraced by the American Council on Education and sent to Chairman Ford and Representative Tom Coleman of Missouri of the House Education and Labor Committee.

I am pleased that two of my colleagues—Sharon Thomas Parrott from the Devry Institutes, and Bob Knutson from the Education Management Corporation, will also be making the case for our legislative proposals before these State Higher Education Executive Officers (SHEEO) hearings. A representative of ITT Educational Services has already addressed a SHEEO hearing in Denver. We hope, as a result of our testimony, that you will be convinced of the wisdom and workability of adopting the comprehensive set of legislative recommendations, we have individually submitted to you.

I would be happy to share any insights and suggestions growing out of our work on the program integrity white paper.

Prepared Statement of State Auditor Pete Johnson

Mr. Chairman: I appreciate the opportunity to make this statement on behalf of the thousands of Mississippians, and their families, who need the best access and assistance possible to secure a higher education at one of our state's fine colleges or universities.

We especially appreciate Senator Cochran making it possible for those of us concerned about adequate programs and support for higher education to have the opportunity to speak out on behalf of our fellow Mississippians and our institutions of higher learning.

Mississippi is a state rich with tradition and a willing people with a strong work ethic, however, monetarily it lacks the capital needed to finance critical educational programs and these federally-supported higher education programs are of great importance in making a college education available to as many Mississippians as possible. Unfortunately, state funding of our institutions of higher learning has declined under the present administration. Contrary to popular belief, enhanced by a misguided perception this state, during the last four years, has not been supportive of our colleges and universities as many Mississippians believe. Our colleges at all levels have experienced, and are continuing to suffer budget cutbacks and tuition increases which are having a devastating affect on the programs they offer and the opportunities available to the individual students so they might adequately prepare them for a global economy and an international market place.

We know Senator Cochran will continue to be an effective spokesman and advocate for higher education and its related programs at the national level. I want to express my whole hearted support of his efforts here today, and pledge my assistance in the future in whatever capacity to enhance the furthering of excellence in education at all levels.

Senator COCHRAN. The hearing is now adjourned.

[Whereupon, at 3:05 p.m., the subcommittee was adjourned.]

INVESTING IN OUR FUTURE: STUDENT AID FOR HIGHER EDUCATION

FRIDAY, MAY 3, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES, OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Minneapolis, MN.

The subcommittee met, pursuant to notice, at 8:50 a.m., in the Irene Whitney Fine Arts Building, Minneapolis Community College, 1501 Hennepin Avenue, Minneapolis, MN, Senator Paul D. Wellstone, presiding.

Present: Senator Wellstone.

OPENING STATEMENT OF SENATOR WELLSTONE

Senator WELLSTONE. I'd like to thank everybody for being here today.

Welcome to this hearing on Federal student aid for higher education. This is one of a number of official hearings being held by the Subcommittee on Education, Arts and Humanities around the country, and all that will be said today will be a part of the official record.

When I came to Washington I requested, pushed hard, did everything I could to be on every committee in the Senate that dealt with education, with young people, with families, and with children. It is an issue in my head, and it is also a heart and soul issue to me as well.

I am very proud to have the opportunity to be on this subcommittee, to be a part of this debate on education, and to help legislate, I hope, some initiatives that will really be important to Minnesotans and to other young people around the country.

I am here to hear the views of Minnesotans. What I do in public policy in Washington, DC, I want to be grounded in what Minnesotans tell me. But I want at the beginning of this hearing to make one thing clear: I am deeply committed, deeply committed, to a powerful Federal role to remove financial barriers to higher education. I think that is the simplest way I can put it. If I could express one commitment that I start with, it is that there has to be a powerful Federal role to eliminate financial barriers to higher education.

When I campaigned in Minnesota, I spent a lot of time on campuses, all kinds of different campuses, and I met with all kinds of different students, and the statistics have real personal meaning to me. It is heartbreaking to meet students at the University of Min-

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nesota Twin Cities campus or UMD or anywhere around the State who actually have to sell plasma at the beginning of the semester to buy textbooks. That is wrong, and I know we can do better than that. And it is heartbreaking to meet teachers, teachers in higher education, private and public, community college, voc tech university, who tell me stories about students who are working two and sometimes three minimum wage jobs to the point where they can't finish their education in 4 years, and/or they are so exhausted that it is really difficult for them to do well in school.

One thing that has changed dramatically in the higher education equation Federal role-wise is that we have made almost a 180-degree turn. It used to be we relied much more on grants and much less on loans. That has shifted to a different ratio; it is now 67 percent loans, 29 percent grants. And those grants, the Pell grant program, now are really no longer available for middle-income students and even for low-income students because they don't pay near enough of the cost of higher education.

The administration has proposed some changes in the Pell grant program that trouble me. They will be targeted in the main for students coming from households with incomes of less than $10,000 per year. I have no problem with that, but I worry about all the students who will be cut off. Now the projections are that we could be talking about 400,000-plus students who will no longer be eligible for what Pell grant assistance they once had.

A final point. There is going to be some important testimony. We have a really impressive group of panelists. I will introduce each panel separately. I will once again say to those of you who want to testify from open mike—and we will have plenty of that—please sign up, and we will go in the order of people who sign up.

We need to keep an eye on what we can do right now, what we can do that is workable, what we can do that is practical, and what we can do that is concrete. I am absolutely dedicated to taking what I hear here in Minnesota, the voices of Minnesotans, many people who are very distinguished in the higher education field, back to Washington, DC.

But I also want to just point to this chart. You can see that back in fiscal year 1982, education was 2.5 percent of the budget; in fiscal year 1991, it is now down to 1.7 percent. It is interesting to look at that in relation to interest payments, which is about 13.6 percent, or deposit insurance, which is 7.1 percent. It is 1.7 percent of the Federal budget. I cannot accept the Washington, DC definition of what is realistic if that is the definition of what is realistic.

I think it is simply not acceptable for us to say that we do not have the money to invest in education. I do not consider it to be an expenditure. I consider it to be an investment. I think conceptually that is how we have to look at it. And if there is one thing that I can say in Washington over and over and over again—and I will, with everything that I have—it is that there won't be real national security for the United States of America, which is a country I really believe in, until we invest in the health and skills and intellect and character of young people. That is what this hearing is about, and again, I thank all of you for being here.

I would like to welcome our first witness, who I think has really gone out of his way to be here today, and it means a lot—Nils Hasselmo, president of the University of Minnesota.

President Hasselmo has a plane to catch. It wasn't even clear that he could be here, and he has been very accommodating with his schedule. I really thank you, President Hasselmo. I want to talk no longer. We'll start out with President Hasselmo and then move to other panels of witnesses, and then of course, move to open mike.

Before President Hasselmo starts out with his testimony, I would like to thank each and every one of you for being here today.

President Hasselmo, thank you.

STATEMENT OF NILS HASSELMO, PRESIDENT, UNIVERSITY OF MINNESOTA

Mr. HASSELMO. Senator Wellstone, members of the committee, ladies and gentlemen, I am Nils Hasselmo, president of the University of Minnesota, and I appreciate very much the opportunity to present some opening testimony this morning.

Unfortunately, I have to catch that plane, because I committed myself quite some time ago to speaking at a conference at Chicago State University today, where there is a conference on racial harassment, an issue that is also of great importance to our campuses across the country.

I appreciate, Senator, your willingness to have these kinds of hearings, and both you and Senator Durenberger have been exemplary in coming to us with very important issues and asking for our views. I hope we can give you the kind of feedback and information that will be helpful to you in furthering an agenda that is extremely important to us all.

This hearing's title, "Investing in our Future: Student Aid for Higher Education," certainly captures the fundamental goal and practical wisdom of the Higher Education Act. This was landmark legislation that has served the national purposes very well, and like the GI Bill before it, this legislation has proven its educational and economic investment value beyond any reasonable doubt.

On any sensible educational grounds, our Federal student financial aid programs cannot be judged broken. They were started to foster wider educational opportunity for all the future good that flows from investing in our young people. They have worked. They clearly have dings and dents that can and should be fixed this time around, but I don't see a compelling justification to drop what we have been doing in favor of a whole new approach that has not been defined.

What is broken is the Federal budget, and that shifts the debate to fiscal and political grounds. Now, I am not saying here that we should not in the future look to a serious revamping of the system, but I believe that at this point we will be best served by an upgrading of the existing system.

The fiscal/political issue is the heart of the matter in 1991, and the question before you is not whether higher education is a sensible investment; it is whether this is such a compelling investment that it should keep or increase its share of the national budget pie.

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In far more States than not, we are dealing with the same question, and here I firmly believe that it is such a compelling investment that it ought to have a larger portion of the Federal budget than it now does.

At the program delivery level on educational grounds, there is a fiscal educational reality that the greatest student aid need is for more money, more Federal money, more State money, and more private money.

To use the University of Minnesota as an illustration, the cost of attendance has risen 127 percent in the last 10 years. Grants from all sources have increased less than half that rate—59 percent. Loans from all sources have increased almost twice as much as grants—116 percent. State and Federal work-study rose only 68 percent. University student employment, in contrast, has risen 136 percent. There is a very, very distinct pattern here that is not to the advantage of our students.

The impacts are clear—more reliance on work competes with class and study time, and that reduces the quality of the student experience; it delays graduation, often by several years. More reliance on loans increasingly upsets the grant-loan balance that makes educational sense. It discourages some from entering or staying in college, and it increases the burden of indebtedness for those who do.

More money for student aid is not a popular argument in State houses and probably not in Congress. Student aid is popular, as well it should be. The merits of the case for aid are generally well-accepted, not just by educators and lawmakers, but by the general public. But when it costs money we don't have, that's a different story, a hard place; it is a harder place now when the teeth of the Budget Enforcement Act face the test whether they have bite.

Sequestration actions have been theoretical possibilities sketched out in the deficit and budget agreements as macro management ways to impose discipline. When they turn into real actions, real bites, more and more educators, lawmakers and the public will be confronted with the political realities of this so-called zero sum game.

It will be no game to families, students and financial aid officers who have to deal with the results. Zero sum realities take place on campuses, too. The budget cuts that meet the budget goals turn into program cuts, access cuts, quality cuts that affect real lives of students and families.

Still, even knowing those impacts, the Washington reality remains that significantly more money for student aid programs authorized in the Higher Education Act is exceedingly unlikely—although, Senator, let me assure you that I certainly hope that higher education will have a shot at a larger portion of that budget, even with those constraints.

Until and unless a better way is found to make dramatically more money available for student aid—and we surely haven't found it yet—the central challenges to this year's reauthorization effort must be finding better ways to deliver more of the money that can be appropriated by Congress to the students in whom we ought to be investing.

Taking the last of these first, targeting aid to the students who need it most, our national programs need to know the local realities. At my university we are at the point where one-half of student aid applicants are independent at the time they apply. The average age of the independent student applicant last year was 26.9 years. Now, more than 20 percent of our aid applicants, dependent and independent, are married. Costs of attendance, especially for them, are exacerbated by costs of living, cost of insurance, and increasingly, cost of child care.

Increasing the Pell grant is a step in the right direction. Expanding access to Pell grants and to loan programs for middle-income families are steps that are clearly consistent with the fiscal realities facing today's students. And converting the Guaranteed Student Loan Program to a direct loan program may well be your best option for simplicity, cost efficiency, and substantial savings that can be redirected to students.

What can be approved this year in Congress is a political "art of the possible" call that I can't make. I can only suggest that we practice this art together, and that means colleges and universities have obligations to be part of the solution. To the extent that political leaders need our help in making the case, we have to welcome and respond to that opportunity.

To make the best use of the money that will be available, there are some good common sense steps to take—and I hasten to acknowledge that labelling something as "common sense" has not always been the best way to sell it as policy, but I have seen good signs of common sense in the reauthorization debates. The best signs read: Simplify—simplify the programs themselves, the materials that describe them, the application forms, the processing of the paper, the decisionmaking and the accountability.

In 25 years, Federal student aid programs have been tinkered with to the point where they have simply picked up too much bureaucratic baggage. To use a horrifying comparison, they begin to resemble NCAA regulations. Each tinkering has been designed to deal with one kind of situation, and it has opened loopholes for other possible misuses. That leads to a point where even the tinkerers see the need to take a step back and take a new look at whether some of our regulations are really necessary. I sense that kind of willingness this year.

It is common sense that an individual or family in need of Government help of any kind does not need to be confronted in the first place with arcane rules and a complex form. For openers, we know from 25 years of experience that complexity is a sure way to discourage people from even trying. It is bad performance to do that inadvertently. It is unconscionable to let it continue when we know it is happening.

If more than one kind of help is needed, requiring more forms to prove need is not common sense. If student aid applicants are from families already qualified for federally need-tested programs, they ought to be automatically eligible for Pell grants.

Simplifying forms and need analysis are only two examples. There are probably dozens more, and holding hearings out in the States is the best way to find them.

We have to accept the reality that those who make the laws and write the rules must pay attention to the darker side. People do make mistakes, and some people do cheat. Mistakes and dishonesty make news. That news makes it harder to sustain public support for a good program even if the bad news applies to one tiny corner.

Understanding all of that, there is still a common sense argument for simplifying the accountability requirements for student financial aid. To protect against the fraudulent acts of a few institutions, our national regulations put all institutions through the same hoops. There is a simple logic to that, but simple logic also says that that approach is fundamentally wasteful. Some kind of certification and audit system ought to be possible. An institution that performs well ought to be rewarded with reduced administrative burdens and costs, and the savings ought to be reinvested in students for which the programs were intended.

In the final analysis I don't believe that simplification of processes and reinvestment of savings from paper work into our students and their school work will result in the amount of investment in students that we ought to make. This year's reauthorization and the appropriations bill that follows it will continue long into the future, but sensible steps can be taken now, and I very much appreciate this opportunity to take part in your deliberations.

To me, we are involved in a situation of change at this time, and perhaps more than for several decades, we are involved in setting national priorities as we are setting State priorities. Senator, I appreciate your leadership in helping to set those priorities because if we do not invest effectively in our students and in the future of this country, I don't see that we are going to be able to turn some of the deplorable trends that we face around.

Thank you again for giving me this opportunity. I hope that you will find this a produce hearing, and we look forward to working with you.

Senator WELLSTONE. Thank you.

Dr. Hasselmo, would you have a few minutes for a couple questions?

Mr. HASSELMO. I think I can still make Midway Airlines and the speech in Chicago at noon.

Senator WELLSTONE. We'll take about 5 minutes for questions.

First of all, I want to thank you for your testimony, and I would also like to thank you for being a really eloquent voice for higher education not just in Minnesota but in the country.

There was a student who came up to me before we started the formal hearing today, and she said, "I want you to know that this hearing is all about whether or not I'm going to be able to continue to go to school." So these words and this testimony are quite important to many students and to many of us who believe so strongly in education.

I really am quite surprised to see so many of you here today. I have to thank Minneapolis Community College for hosting this gathering, and we'll hear from Dr. Belcher soon, but I really can't thank you enough for letting us hold these hearings here today.

Let me ask just two questions, President Hasselmo. One, when you talk about converting or changing the Guaranteed Student Loan program into a direct loan program, I wonder whether you

could spell that out in a little more detail for me as a formal part of the record that I take back to Washington?

Mr. HASSELMO. I see this as an important step in the direction of cutting down on the bureaucratic costs and being able to put more of the resources into student aid. The program now is about 3.5 percent that goes to covering the charges to the banks that handle the Guaranteed Student Loans, and I believe that working with the institutions, there is a possibility that we might administer those programs in ways that would be more cost-effective. That is really what I am looking for.

Senator WELLSTONE. The second question is this—and if you all want to clap and respond—there are two kinds of hearings. There are those hearings where the person conducting the hearing uses the gavel, and there is another kind of hearing where people like what they hear and they clap. Feel free to clap.

The second question that I wanted to ask you is this—you talk about your willingness to really be a part of the solution to all this, (and I know that those words are meant); you also talk about the "art of the possible." I guess what I would like to do—and I don't even know if this is a question as much a request to you—I think your words are taken seriously in Minnesota, President Hasselmo, it is clear that you are in a major leadership position, and I think it is above and beyond your institutional position—I just believe people think there is integrity to what you say. So I would like to ask for your help as we think of the art of the possible, and I would like to broaden that definition in Washington, and so even as you focus on what is practical, I hope that you will help me and really speak out as one of the leading educators in this country and just simply say that we have to spend a lot more by way of resources if in fact we're going to match our rhetoric and really make a commitment to young people.

My specific question is—what would you think of a proposal, be it passed this year or not, but as a direction to go in for our country, that would say, given the way the budget is structured now, that the Pell grant program becomes an entitlement program, and we make a decision about what kind of commitment we need to make to a grant program to make sure that higher education is affordable for all students, younger people, students going back to school, and then we fund it. What would be your reaction to that idea?

Mr. HASSELMO. Senator, I would support that very strongly. I would like to comment on the question of a vision and some kind of reality. I have confronted that very, very much. We have a very strong and I think compelling vision at the University of Minnesota, but we have chosen because of past experience not to simply say we need more money to realize that vision. We have said first and foremost we are going to realize essential elements of that vision within the resources we now have available. We have to build a credibility that we are using the resources now put into the system effectively before I think we can make a really trustworthy claim for more resources.

And I certainly have been questioned on this before since sometimes people have felt that I am being too modest in my request to the legislature. I'm not being modest at all because I see nothing

other than placing education at the very top of the State agendas and the national agendas, and I see over a period of years now a major reinvestment of the Nation's resources in education. If we do not do that, I think we are going to fail. But I am also driven by trying to argue within some kind of political realism that it has to be a shifting of resources; it cannot be simply adding resources at this point.

That is the point I try to make, and I realize that sometimes one element in what is really a two-step approach here gets lost.

I am committed to a strong vision and additional resources from what is available going into education. At the same time I feel compelled to say that we have to restructure the system in such a way that we can preserve and gain credibility where we have not had it in recent years.

Senator, I really support the efforts, but I think we have to look to refining the system, also.

Senator WELLSTONE. I think they go hand-in-hand, both approaches.

I'd like to thank you very much, President Hasselmo, for being here. You have really added greatly to our deliberations.

Mr. HASSELMO. Thank you, Senator. [Applause.]

Senator WELLSTONE. Let me now introduce our first panel.

Dr. Jacquelyn Belcher is president of Minneapolis Community College. Dr. Tobin Barrozo is president of Metropolitan State University, and Brian Zucker is vice president of the Minnesota Private College Council.

I think that if it is agreeable with the panelists, especially you, Brian, we will go in the order of Dr. Belcher, Dr. Barrozo, and then to Mr. Zucker.

Dr. Belcher, please proceed, and thank you very much for hosting this formal hearing.

STATEMENTS OF JACQUELYN BELCHER, PRESIDENT, MINNEAPOLIS COMMUNITY COLLEGE; TOBIN BARROZO, PRESIDENT, METROPOLITAN STATE UNIVERSITY, AND BRIAN ZUCKER, VICE PRESIDENT, MINNESOTA PRIVATE COLLEGE COUNCIL

Ms. BELCHER. It is my pleasure, Senator Wellstone.

On behalf of the students and faculty and support staff and administration, I welcome you and the other guests to Minneapolis Community College.

Our institution is Minnesota's only urban community college. It lies at the heart of the Twin Cities Metropolitan Area and serves students throughout 11 counties and beyond.

Our typical student, Senator Wellstone, is a first generation, nontraditional college student who works and attends classes part-time. The majority of them are closely tied to the local community through employment or family and would be unable to attend college without access to the excellent quality education provided at our college.

I applaud you for giving the investment perspective to what we are talking about when we ensure that financial support is accessible to our students. This is, I believe, a bold new world society where many of our citizens are colliding with its rapidly advancing

technology. Those citizens include Native Americans, African Americans, Asian Americans, Hispanics, disadvantaged whites and Southeast Asians.

Providing financial aid for them is truly an investment. The need to access Federal financial assistance is on the incline. A closer look at our students at Minneapolis Community College will provide a better understanding of the importance of supporting Federal financial aid at its same or increased level.

Of our 5,970 credit students, approximately 27 percent are single parents; 22 percent are ethnic minorities; 3 percent are international; 59 percent are female; 140 have learning disabilities, 160 other kinds of disabilities; 64 percent are independent students with annual incomes below $12,000. And the average age of our students is 28 years.

Our student population continues to become older, and as a result, many more students now have family and job responsibilities. Also with this aging and the added responsibilities that accompany it, we have many more part-time students, so that between two and three students, we get one full-time equivalent student.

The implications of having older and part-time students are obvious. They have unique needs. Presently, these needs are not met by the Federal financial aid program. The current situation is that Federal grants, Pell grants, are unavailable to students carrying less than six credits. When dollars became scarce, the decision was made to fund traditional students rather than sharing those funds with low-credit part-time students.

Second, child care is becoming a major cost item for many older students. Nonetheless, Federal aid formulas fail to recognize this.

Third, the major loan program, the Stafford, is available only to students carrying six or more credits.

Fourth, age 24 is currently used as the criterion for automatic eligibility as an independent student. The administration is proposing that this be changed to age 26. However, we have many younger students who separate from their parents after high school, return a few years later to start college and are truly independent.

The problems for older and part-time students are further complicated by two other issues which affect all our students, traditional and nontraditional alike. The first complicating issue is the proposal under consideration to reduce work-study appropriations and increase the college share of each award from the current 30 percent to 50 percent.

The second complicating issue is the failure for many years to readjust campus-based programs such as the Perkins Loan and the college work-study programs. Those colleges with enrollment growth and those with no growth remain with their previous funding levels. As a result, colleges that are growing receive a continual reduction on a per-student basis.

In summary, I have the following recommendations: Make the Pell grant available to students carrying less than six credits; include child care needs as an element in the Federal aid need determination formula; make available the Stafford loan to students carrying less than six credits; leave the age for automatic eligibility of an independent student at 24; maintain the college work-study

appropriation at least at current level, and retain the institution's share at no more than 30 percent; readjust allocations to institutions for the campus-based programs on the basis of enrollment; and finally, form a national study group to address the needs of students who are older and who have family and career commitments.

Senator Wellstone, I appreciate this opportunity to tell the story about the financial needs of our students at Minneapolis Community College. I believe that it is echoed throughout our State and our Nation. It is a story of the need for the Federal Government to continue and improve the sound, wise investments in people—investments where there are no losers because individual students gain the opportunity to live with dignity and to become contributing members of this world society in which we all live.

This is the best possible return on our Federal dollars.

Thank you. [Applause.]

Senator WELLSTONE. I look out to all of you because I hope with just a nod of heads, I can get a sense of what you would like to do. My sense about this would be that we hear from all of the panelists, and that way I will have the opportunity to ask questions, and they will be able to go back and forth with their own answers. I think we would get more from that rather than allotting time to each individual, if that seems agreeable to everybody.

I have to tell you, Dr. Belcher, that I was listening and starting to smile because I was thinking two things. No. 1, I really love to see somebody who has such passion for their work and for what they believe in, which you clearly have.

Second—and I should really introduce behind me Mark Anderson, who is doing a lot of our work here in the State of Minnesota and has done so much for this gathering today. Mark is going to be doing a lot of work with people in Minnesota, a lot of different key individuals, and you can count on working with Mark. Roberta Walburn and David Graham are staffing the Labor and Human Resources Committee, and I was thinking, and kind of looking back to them, that several of the things you've said we just simply are going to translate into specific proposals and amendments that we're going to bring into committee, absolutely. I mean, it just makes so much sense, and it is right there in front of us, very concrete. So I thank you.

Senator WELLSTONE. Dr. Barrozo.

Mr. BARROZO. Senator, like others, I'm very pleased to participate in this hearing and to give some testimony. Like Dr. Belcher, I will no doubt in my comments reflect somewhat the special character of the population of people who attend Metropolitan State University.

In fact, I would like to speak from a number of different perspectives and vantage points. On the one hand, I'd like to speak for the entire State university system, which is seven State universities throughout the State; then talk a little bit about some of the needs that I perceive that the population at Metropolitan State University feels should be recognized.

But I'd like to begin with a very general kind of comment. There has been testimony given already by Dr. Hoke Smith, president of Towson State University, and he gave that testimony on behalf of

the American Association of Community and Junior Colleges, the American Association of State Colleges and Universities, the American Council on Education, the Association of American Universities, the Association of Catholic Colleges and Universities, the Association of Urban Universities, the Council of Independent Colleges, National Association for Equal Opportunity in Higher Education, National Association of College and University Business Officers, National Association of Independent Colleges and Universities, National Association of Schools and Colleges of the United Methodist Church, and National Association of State Universities and Land Grant Colleges. I am sure that you already have access to this document, but it is a very well thought out and reasoned document, and I believe the points made in this testimony by President Smith amply represent the needs of the State university system, some 55,000 students. But there are maybe a couple of things I can put in rather more common language that highlights some of the things that he has already given testimony to, representing all of those different associations.

First of all—and I will state these things generally; they can be stated much more precisely, and Dr. Smith does—for those eligible for grants, increases really should be tied to cost-of-living increases. There has been a steady decrease in the earning power of dollars and what they purchase, and President Hasselmo already spoke about that. There is also the consideration of the direct educational costs and the amount of money the grants would provide.

There is an increase mortgaging of people's futures. That is what the shift from grants to loans represents. We all expect, I guess, that to some extent we do mortgage our future through seeking financial assistance for our education, but the level of that claim on our future income is increasing as the shift from grants to loans increases.

Finally, eligibility should be enlarged.

Those are some of the points that President Smith makes and that others have made already.

I want to talk to you a little bit now about Metropolitan State University, and just as Dr. Belcher's own comments mirrored somewhat the clientele that attend Minneapolis Community College, my own comments will mirror some of my observations about the clients at Metropolitan State.

Metropolitan State doesn't have a large clientele that actually look for Federal financial aid. We could compare Metropolitan State with, say, a Wayne State University in Detroit where 70 percent of the undergraduates receive some form of financial aid. Of the nearly 8,000 students at Metropolitan State, only 14 percent look to financial aid. There are a number of reasons for that.

First of all, the average age at Metropolitan State is 34. Sixty-five percent happen to be female. More than 80 percent are fully employed. This speaks in part to what Dr. Belcher was referring to previously. We have a large number of part-time students. About 8 percent are minority, and largely they are part-time.

One observation is that if some of the recommendations, for example, that Hoke Smith put forward previously in testimony, for example, raising the threshold to $43,000, that would literally double the eligibility of individuals at Metropolitan State Universi-

ty because again, fully employed adults do have more income, but they do also have more claims on that same income. So raising that threshold would provide opportunities for more of the adult-type students to benefit.

And of course, I also agree with Dr. Belcher that Pell grants and Stafford loans should be enlarged in their availability to part-time students.

In effect when I am talking about students at Metropolitan State, what I'm saying here is that we need to keep in mind that oftentimes when we think about financial aid, we think about it in terms of traditional age students, the 18- to 22-year-old student. I think that part of what Dr. Belcher and I am saying is that we now need to also think about a very different population of people.

I'm going to take advantage of something you said earlier, Senator Wellstone. I want to talk a little bit about the art of the possible. If not in this session of the Congress, I think in succeeding and future sessions we need to shift our perspective from thinking about financial aid in terms of traditional age people and begin thinking about it in the larger context of the higher educational needs of the work force, thinking about access to higher education as central to the ability of the United States to compete successfully in a global economy.

We need to keep in mind that the work force in the 21st Century is going to be very different. We already know in the present that on the one hand, enrollments in higher education are steadily increasing where at the same time the group of traditional age people, 18 to 22, is decreasing. So that must mean that participation in higher education is clearly moving increasingly toward other than that traditional age group. They are doing that for a variety of reasons. They are finding in the workplace that technology is changing the very character of their work. They're finding that they are not being promoted on the job. They are finding that very different, more sophisticated skills are required in their places of work.

If we look at the future a bit, we find that the average age in the 21st Century will increase. People will work longer. Another way of putting that is that there will be fewer younger people in the work force in the 21st Century.

If we look at the composition of that work force, we find that 29 percent of the net addition to the work force of the 21st Century will not be Euro Americans—I use that expression because as we talk about African Americans and we talk about Asian Americans, we should talk about Euro Americans. Twenty-nine percent of the net addition to the work force in the 21st Century will not be Euro Americans. There will be an increasing number of immigrants in the work force. If we look at the increasing number of immigrants in this country, we see that the work force of the 21st Century will be made up increasingly of immigrants.

So my point, Senator, is that this new paradigm that I think if not in this session then in succeeding sessions the Congress really ought to address is recognizing that investment in higher education is not an investment only in providing ability and possibility for an 18- to 22-year-old group of people; it is providing access and opportunity to further higher educational opportunity for the profes-

sionalization of the work force that is absolutely essential if the United States is to remain competitive and if we are not in America to suffer a diminution in the quality of our life.

Thank you very much.

Senator WELLSTONE. Thank you, Dr. Barrozo. [Applause.]

Dr. Barrozo, in some questioning I'd like to talk with you a little more about that new paradigm and break it down into some specific applications.

Senator WELLSTONE. Let me move on and turn to you, Mr. Zucker. I don't think I gave Mr. Zucker really a full introduction. He is vice president for research and policy development for the Minnesota Private College Council. I have had an opportunity to get acquainted with some of your ideas, and one of the reasons I'm really pleased that you are here is that I think you are a very innovative thinker and really creative. So Brian, I really am pleased that you are here.

Mr. ZUCKER. Thank you. I would like to begin by expressing my gratitude for the opportunity to give testimony here today.

My background is as an economist, and the perspective I am going to try and bring is really with attention to how higher education is financed in this country and to try and understand how public resources both at the State and Federal levels are distributed and used to leverage the total investment that we make in higher education.

Last year, State and local governments appropriated almost $38 billion for higher education, which is approximately four times the Federal appropriation. In contrast with the Federal Government, which allocates most of its funds on the basis of financial need, conservatively, 85 percent of the State spending is used to subsidize tuition at public institutions for all students regardless of ability to pay.

In the coming year no fewer than 29 States are expected to have budget deficits totalling at least $15 billion, and there are a number of analysts who now believe that this condition marks an emerging pattern of fiscal weakness due as much to a shifting in Federal domestic policy, affectionately referred to as "the new federalism," as to the fact that our economy is now in an economic recession.

To help offset the anticipated declines in public resources, more than a dozen States have proposed major tuition increases. We have seen across the country that these are now frequently ranging from 20 to 50 percent.

In some respect, if we look at tuition as a percent of disposable income, this represents a major departure from about a 10-year trend which has held tuition as a percent of disposable income on a per capita basis at about 10 percent.

The current situation illustrates the extent to which Federal policy indirectly can shape the financing of higher education. We have done as much to affect the resources available for higher education indirectly as we have through the direct appropriation of the Higher Education Act.

I believe that the prospect of declining public resources for higher education is unfortunately inevitable given the competing demands of health care, environmental quality, the national debt,

industrial competitiveness, the infrastructure—just to name a few. The risk, however, really goes beyond instructional quality and continued deferred investment that we make in instructional quality. The risk appears much more to be a severe polarization in access to higher education. The risk is in equal opportunity and access to higher education on the basis of ability to pay.

What we are seeing around the country is that the public tuitions are about to rise significantly, and there is not a corresponding increase in the financial aid to protect those who are least able to pay. Without such an adjustment, lower-income students are inevitably going to bear the brunt of this shift. They are going to face greater loan burdens, they are going to have to take reduced course loads; it will take them longer to complete, and many may even drop out altogether.

Without the adjustment in financial aid, it is almost inevitable that our Nation will shift an even larger proportion of its public subsidies to those most able to pay because participation among the lower-income students is almost certain to decline.

This predicament underlies 20 years of an on and off debate concerning tuition and financial aid policy. I should add that it is a debate from which the Federal Government has historically turned its back.

Given the current fiscal outlook for State governments, it is essential now that the Federal Government recognize the debate, recognize the implications for access, for choice and for quality, and foremost understand that the fiscal conditions we are facing in the coming decade are not the fiscal conditions of 10 years ago. We are starting in many respects from a position of weakness. The Federal Government must recognize the total pool of funds that go into higher education and the sources of those funds, and use that as the basis for shaping a future viable policy.

Currently, the policy of State government is what may be characterized in some sense as a low tuition/low aid policy. It is the basis through which we have assured access to postsecondary education, and there are two arguments which favor this approach. The first is that higher education, even though it is not an entitlement in a legal sense, is essentially an entitlement, and it should be universally available to all citizens at least possible cost. I think the interest of that is self-evident.

Second, again in favor of a low tuition/low aid policy, is the belief that a genuine financial aid safety net does not exist and that it cannot exist; that it is too complex and too difficult to catch everyone who can fall through the cracks, especially given some kind of a substantial increase in public tuitions.

The arguments against the policy are in some sense more complex. They focus primarily on issues of equity and efficiency, and I think they include the following points.

The first is that a universally low tuition for all people regardless of ability to pay is enormously expensive, and we are beginning to discover that in this decade. In a sense with fixed resources that will minimize the availability of funds to put back into instructional quality because we must use that money to in a sense buy down the tuitions.

It is also regressive because it provides subsidies in greater proportion to the wealthy, who are the ones most likely to attend. In a sense it thereby reduces the availability of resources for those who can least afford it.

The large tuition subsidy may also distort demand for education. You have to consider from a market standpoint any time we introduce large subsidies how that can affect the demand for a good or a service.

Finally, low tuition/low aid can undermine choice and accountability in the marketplace by tying the majority of funds to the institution rather than making them portable with the student. For those students with limited resources, price will still be the primary determinant of where they can attend.

In Minnesota, the debate concerning low tuition/low aid policy has intensified. In response to the more than billion dollar budget deficit our State faces in the coming biennium and for reasons of equity and efficiency, bills were introduced in both the State House and the Senate in this session. Both of the bills propose doubling public tuition and more than tripling financial aid to hold families with incomes under $50,000 who would qualify for aid essentially harmless. Although reform of this magnitude is unlikely, the bills have prompted some very serious debate and exploration regarding the costs and benefits of this kind of alternative.

Central to this debate has been the complexity of trying to administer a generous financial aid program given the existing structure of both State and Federal support. I have had the opportunity to observe about 2 weeks' worth of testimony on the issue from students, faculty, administrators and legislators, and it is just crystal clear that very few people trust the financial aid system we have now in this country. Very few people can accept that they are going to qualify for aid under any circumstance or that their grants down the line won't turn into loans or that their eligibility won't be eroded to inflation.

This lack of faith overrides all the rational arguments one can make on the grounds of equity and efficiency, and it has been substantiated really by the failure of Federal and State Governments to meet their financial aid commitments in the past decade.

Despite that lack of faith, there is a rationality to this argument. If we look at the Census data, we see very clearly over the decade that higher education participation rises with income, and there is a real tendency for students of higher incomes to participate in the more expensive systems. Consequently, a disproportionate share of the public subsidies are going to those most able to pay.

We have explored the data here in Minnesota, and we have estimated that as much as about one-third of the higher education appropriation is going to the wealthiest 20 percent.

When we consider further what attendance costs even after aid look like as a proportion of family income, it becomes apparent that the current policy is regressive. Given that situation, we have tried to explore what an alternative policy would look like, and in Minnesota, we have estimated that it would be possible to create a redistribution which could generate as much as $50 million for additional revenues to invest in quality, provide an additional $70 million to help balance the State budget and provide sufficient aid

to actually reduce attendance costs for those with incomes under $40,000.

If we were to apply this Minnesota concept, sort of the modified high aid/high tuition policy, on a national level, we could be speaking about as much as $5 billion in additional revenues.

Given that virtually all Federal aid for higher education is already need-based, the responsibility for establishing this type of framework might appear to fit squarely with State government, but herein lies the interaction between Federal and State policy. Financial need is the difference between what it costs to attend and what a family can afford to pay. Virtually all campuses in this country rely on the Congressional Methodology to define that ability to pay, and hence the student's level of need, and hence the final amount of financial aid they will get.

Many observers agree that the Congressional Methodology is an overly complex formula. It is considered by many to be perhaps the most invasive and difficult form an individual can fill out. It has been argued over the years that the range of factors the Congressional Methodology considers are excessive.

Of all the concerns, however, is the fact that the formula penalizes middle-income families essentially by treating home equity and family savings as if they were current income. In effect the current methodology acts as a rationing device, and it limits assistance for those earning above $45,000 by expecting them to contribute a significantly larger proportion of their income.

Senator WELLSTONE. I'm going to just ask you to keep rolling along so we don't run out of time for questions. I'm sorry to do that to you. I hate it when people do it to me.

Mr. ZUCKER. I understand.

I'm thinking now how I can sort of cut to the chase on this, and maybe I'll just conclude by trying to illustrate what we have observed given the existing policy that we have.

Over the decade, students who attend private colleges with family incomes of about $35–$60,000 have increasingly crossed over from the private sector to the public sector. That crossover is foremost due to this Congressional Methodology because under this formula they are too wealthy to qualify for aid, and yet they cannot afford to go to private colleges.

Given that the public will subsidize the public education to the tune of about $4,500, that crossover itself represents a loss of about $3 billion nationally over the decade.

I will just conclude by saying that we believe that the situation we are now facing with the loan defaults, and the level of attention we see with the loan defaults and trying to deal with that problem, appears to be a symptom. In many ways, it looks as if we are putting a disproportionate effort into treating the symptom, and we are not really considering the root of the problem. I think that problem is really understanding the structure of the financing and how the resources at the Federal and State levels interact.

Thank you, Senator.

Senator WELLSTONE. Thank you very much. [Applause.]

[The prepared statement of Mr. Zucker (with attachments) follows:]

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Testimony before the Senate Committee on Higher Education
by
Brian Zucker
Minnesota Private College Council

May 3, 1991
Minneapolis, Minnesota

Introduction

Last year, State and local governments appropriated $37.8 billion for higher education. That is approximately four times the federal appropriation for higher education. In contrast with the federal government, which allocates most of its funds on the basis of financial need, conservatively 85 percent of state spending is used to subsidize tuition at public institutions for all students regardless of ability to pay.

For the coming year, no fewer than 29 states are expected to have budget deficits totalling at least $15 billion. This condition marks an emerging pattern of fiscal weakness which is due as much to a shifting of federal domestic policy (commonly referred to as the new federalism) as to the fact that our economy is now in the second quarter of an economic recession.

To help offset the anticipated decline in public resources, more than a dozen states have proposed major tuition increases frequently ranging from 20 to 50 percent. Should these adjustments occur, they would represent the first real public tuition increases this country has seen in more than a decade.

Our current situation illustrates the extent to which federal policy indirectly shapes the financing of higher education, with as much if not more impact than through direct appropriation.

The prospect of declining public resources for higher education is inevitable given the competing demands of healthcare, environmental quality, national debt, industrial competitiveness, and infrastructure, to name a few. The risk, however, goes beyond an erosion in instructional quality, serious as that is. The risk is that under current policies, there will not be equal opportunity to attend college, but rather, a severe polarization in access to higher education.

As public tuitions are about to rise significantly across the country, there are only a very few instances where state governments are considering corresponding increases in financial aid to protect those least able to pay. Without such an adjustment, lower income students will inevitably face greater loan burdens, reduced course loads, prolonged time to completion or dropping out altogether. Without an adjustment in financial aid, it is almost inevitable that our nation will shift an even larger proportion of its public subsidies to those most able to pay because participation among lower middle and lower income students will almost surely decline.

This predicament underlies twenty years of intermittent debate concerning tuition and financial aid policy; a debate from which the federal government has historically turned its back. Given the current fiscal outlook for state governments, however, it is essential that the federal government recognize this debate, its implications for access, choice and quality, and the fiscal reality state governments now face. Currently the Higher Education Act only marginally considers the interaction of state and federal resources. If a viable policy which meets the future needs of our country is to be shaped, this interaction and the leverage of private resources must be more thoughtfully considered.

Current Policy

Almost without exception, state governments have opted for what can be characterized as a low tuition/low aid policy as the basis for ensuring access to post secondary education. There are essentially two arguments for favoring this approach: 1) higher education is essentially an entitlement and should be universally available to all citizens at least possible cost; and 2) a genuine financial aid safety net does not exist which can ensure that cost will not be a barrier to attendance given increased public tuition.

The arguments against this policy focus primarily on issues of equity and efficiency and include the following points: 1) universally low tuition is enormously expensive and thus compromises instructional quality by minimizing the availability of resources; 2) it is regressive because it provides subsidies in greater proportion to the wealthy who are the most likely to attend and thus reduces the availability of resources to those who can least afford it; 3) large tuition subsidies distort demand for education and encourage casual or leisure participation at the expense of the "serious" student; and 4) low tuition/low aid undermines choice and accountability in the marketplace by tying the majority of funds to the institution rather than making them portable with the student. For those with limited resources, price is a primary determinant of which

institution they will attend.

In Minnesota, the debate concerning low tuition/low aid policy has intensified and there is growing consideration for a shift in state policy. In response to a $1.2 billion budget deficit and for reasons of equity and efficiency, bills in both the House and the Senate were introduced during the 1991 recession which would double public tuition and more than triple financial aid to protect those with family incomes under $50,000. Although reform of this magnitude is unlikely, these bills have prompted serious exploration and intense debase regarding the costs and benefits of such an alternative.

Central to Minnesota's funding debate is the complexity of administering a generous financial aid program given the existing structure of State and federal support. After observing two weeks of testimony on the issue from students, faculty, administrators and legislators it is clear, that very few people trust the financial aid system. Very few people can accept that they would qualify for aid under any circumstance or that their grants would be available through completion before they would turn into loans or be eliminated altogether. This lack of faith overrides all the rational arguments one can make on grounds of equity or efficiency and it is substantiated by the failure of both State and federal governments to meet their financial aid commitments in the past decade. In the years ahead it is likely that more and more states will confront this issue and arrive at this same conclusion.

How Rational is The Alternative Policy?

For over a decade the Census Bureau has collected information on participation in higher education by family income. The following charts show the results of the most recent survey. This information is compelling in its implications for federal and state fiscal policy.

Figure one shows higher education participation rates by family income for full-time and part-time students under 25 years of age. The data is consistent with our expectation that participation rises with income. The discrepancy in participation rates is significant because it shows how far we still have to go. Despite a steady increase in the proportion of students completing high school, the proportion of low income high school graduates who go on to college has not improved, nor under current policy could we as a nation readily afford to send them, and yet, it might be even more expensive not to send them. This should alert policy makers to the extent to which current policies have not facilitated access for all income groups.

Figure two shows the distribution of college enrollment by family income and by type and control of system. Consider first the load

that students of different incomes take. For students under 25 with incomes under $30,000, the proportion attending part-time is considerably greater than for those attending full-time. Second, low income students attending full or part-time are concentrated to a much greater extent in the nation's two year "lower cost" systems suggesting a two-tiered approach to providing higher education. This clustering of students is an example of how our society is becoming increasingly polarized. In Minnesota, we recently compared higher education participation rates by ethnic group for 1980 and 1990. During the decade, participation of non-whites remained constant, but the proportion of blacks, American indians and hispanics attending two-year public systems nearly doubled while it fell dramatically in the public four-year systems. This should alert policy makers to the extent to which current policies have not facilitated choice.

Given the existing pattern of participation, it is possible to estimate the distribution of public subsidies for higher education by family income. In figure three, the first set of bars show the percent of total public funds received by Minnesota families of a given income class. The second set show the proportion of all households for that income class. This data suggests that about a third of all public subsidies go to the wealthiest fifth of all households. In all likelihood, the national distribution of public subsidies is skewed even further to the right.

If we consider the net cost of attendance (after grant aid) as a percent of family income it becomes apparent that our system of financing is regressive. Figure four shows the net cost relative to income for students attending the University of Minnesota. This chart illustrates that even in a progressive state with a comparatively generous financial aid policy there is great disparity in attendance costs relative to ability to pay.

The fiscal reality that most states now face coupled with our structure of participation, make a case for policy reform which would shift a larger proportion of funds for higher education to need-based funding. In Minnesota, we have estimated that a redistribution would generate an additional $50 million in revenues to invest in quality, an additional $70 million to help balance the State budget and sufficient aid to actually reduce the cost of attendance for those with incomes under $40,000. Nationally, this approach could represent as much as $5 billion in additional revenue.

Given that virtually all federal aid for higher education is already need-based, the responsibility for establishing this type of framework might appear to sit squarely with state government, but herein lies the interaction between federal and state policy.

As you are probably aware, financial need is the difference between what it costs to attend (including tuition and living and miscellaneous expenses) and what a family can afford to pay. Virtually all campuses in this country rely on the Congressional Methodology to define ability to pay and hence a student's level of need. The Congressional Methodology is an overly complex formula considered by many as the most invasive and difficult form an individual can prepare. It has been argued over the years that the range of factors CM considers are excessive.

The formula penalizes middle income families especially by treating home equity as if it were current income. In effect, Congressional Methodology acts as a rationing device for assistance by establishing three distinct payment schedules for families with parental incomes of under $25,000, those earning $25,000 to about $45,000 and those earning above $45,000. This is illustrated in figure five. Ironically, the federal government has chosen to be highly progressive about the comparatively smallest portion of funds, while three-quarters of public subsidies have no test of need whatsoever.

In a very real sense, the Federal government has defined the financial aid safety net and it has essentially decided that for those with incomes above $40,000 there really is none, almost regardless of attendance costs. As long as this "schedule" remains, state governments will be unable to better leverage their resources for higher education. Under Congressional Methodology, low income families qualify for state aid, middle income families do not. All they have is the low tuition policy of state government.

The consequence of this policy is increasingly apparent when one considers what has happened to higher education enrollment in the private sector. During the past decade, a growing number of middle income families unable to afford rising tuition at private colleges and "too wealthy" to qualify for aid have turned to the public sector. While they will not receive direct aid at a public institution either, they will receive a hefty "tuition" subsidy.

This cross-over from the private to public sector poses a lose-lose situation; student choice of institution is diminished and state governments face increased expenditures to meet a growing demand for public education. Under the assumption that public sector students attending four-year institutions receive an average annual subsidy of $4,500 through reduced tuition, the cross-over from private to public institutions during the past decade has cost state governments conservatively $3 billion. Should this trend continue in the 1990s, the cross-over is likely to crowd out an increasing number of lower income and lower ability students because of enrollment caps while we diminish the utilization of an efficient private sector.

Conclusion:

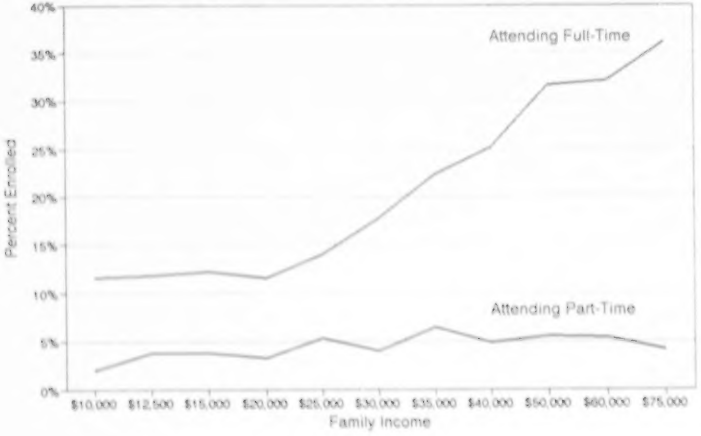
The policy literature of higher education make generous use of the terms access, choice and quality as central objectives. As our subsidies are now structured, however, these objectives are under siege. Unfortunately, even with reform, it will take a massive effort to develop public faith that income eligibility for a Pell award will not be further reduced as it has been over the decade, or that a maximum Pell grant will continue to give way to inflation, or that federal support for grant aid won't shift to guaranteed loans.

The instability of federal policy over the decade, specifically, recognition of aggregate attendance costs and the proportion of need which shall be met through grant aid, has done untold damage to the idea that there could ever be a viable safety net. Consider for example, figure six which shows the federal contribution for all undergraduate students during the 1980s.

We would submit that much of the attention we are now giving to loan defaults is an effort at treating the symptom not the problem. The problem is how the subsidies in combination are distributed. We must consider the intentions of our policy and address them from the root. This testimony is intended to raise your awareness of that prospect.

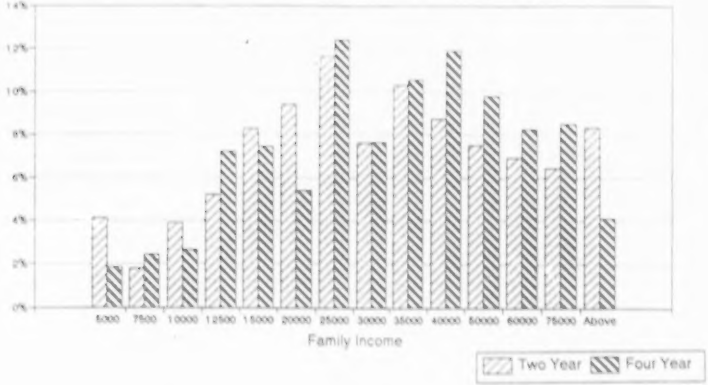
Figure One

Higher Education Participation Rates for Undergraduate Students Under 25, Attending Public Institutions, By Family Income 1989-1990

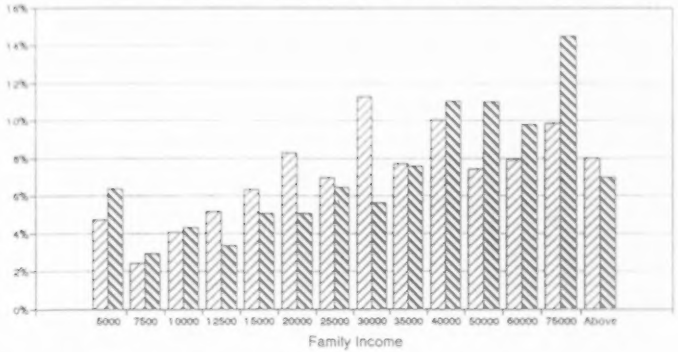


Source: Census Bureau, Current Population Survey
October Education Supplement, 1990

Figure Two
Distribution of Undergraduate Enrollment At Public Institutions
For Students Under 25 Attending Part-Time, By Type of System
and By Family Income, Academic Year 1990



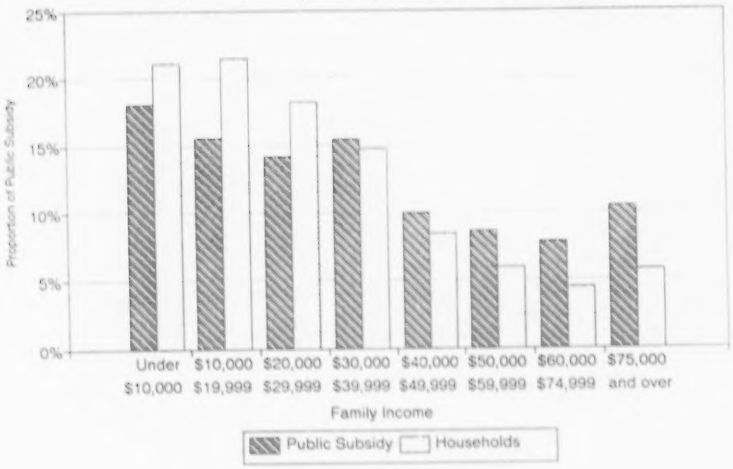
Distribution of Undergraduate Enrollment At Public Institutions
For Students Under 25 Attending Full-Time, By Type of System
and By Family Income, Academic Year 1990



Source: Census Bureau, Current Population Survey

Figure Three

Distribution of Public Subsidies to Minnesota Resident Undergraduates in the Public Sector Compared With the Distribution of All Minnesota Households By Family Income, Fiscal 1990



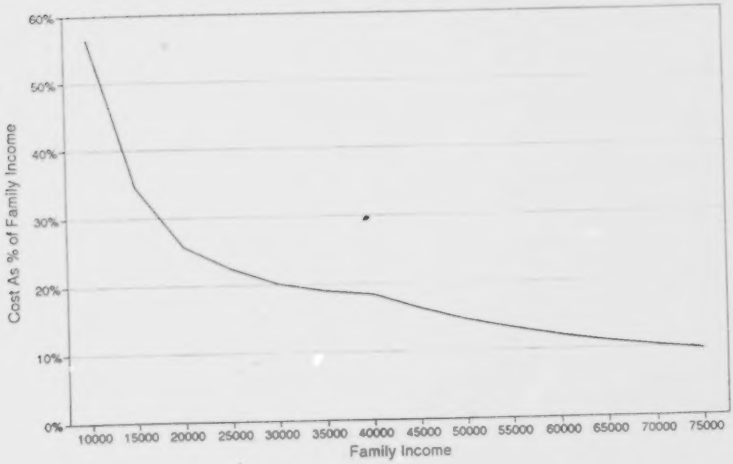
Source: Minnesota Higher Education Coordinating Board, Report to the 1991 Legislature and unpublished data, CACI Sourcebook of zipcode demographics Census Bureau, Current Population Survey, October Education Supplement, 1990

The above chart is an estimate derived from national census data on higher education participation by family income, credit load and control of system., and State data on income distributions and spending for instruction and financial aid per fye student.

Figure Four

Net Cost of Attendance As A Percent of Family Income Under Current

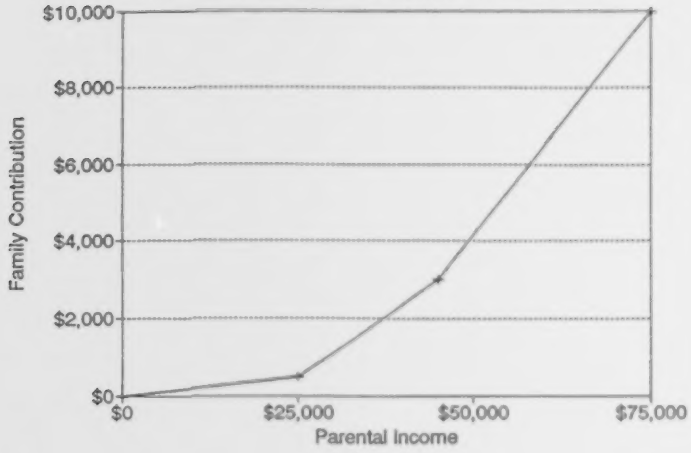
State Policy For Students Attending The University of MInnesota



Source: Minnesota Higher Education Coordinating Board
Unpublished Data on Financial Aid Recipients for
Fiscal 1990

Figure Five

Expected Family Contribution Under Congressional Methodology, Fiscal 1990



Under Congressional Methodology the federal government effectively imposes three contribution rates with income thresholds of under $25,000, $25,000-$45,000, and above $45,000. This structure severly limits the availability of financial aid to middle income families by requiring those earning $45,000 or more to contribute a significantly larger share of their net income before they can demonstrate financial need.

Source: University of Minnesota, Office of Student Financial Aid, 1990

Figure Six

Federal Grant Aid To Undergraduates As A Percent of Attendance Costs

Source: Trends in Student Aid: 1980 to 1990, The College Board
US Department of Education, Digest of Education Statistics, 1990

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Change the Magazine of Higher Learning March/Apr. 1991
American Indian Voices in Higher Education Systems issue

The State Of the Art

Indian Education in Minnesota

BY DAVID BEAULIEU

American Indians are the second largest minority group in the state of Minnesota (35,846 persons, according to the 1980 census). The six reservations that comprise the Minnesota Chippewa Tribe, the Red Lake Band of Chippewa Indians, and the four Sioux communities in the western part of the state are a significant political presence in Minnesota. In terms of college attendance, however, the percentage of American Indians in higher education lags behind their representation in the state's population.

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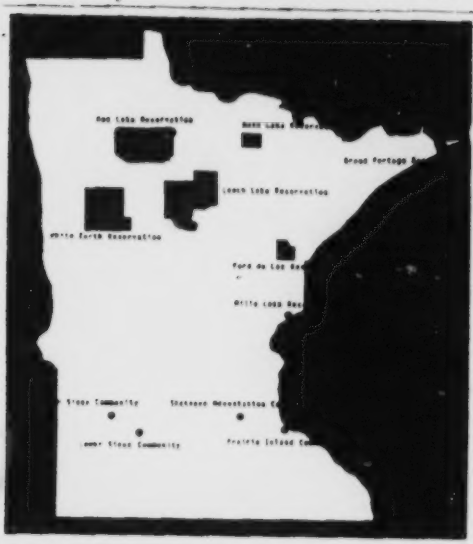

Minnesota's rich Indian heritage is evident in this map showing the state's six Chippewa Indian reservations and four Sioux communities.

The Minnesota State Department of Education has a special Indian Education Section that addresses the needs and concerns of the Indian population, and it provides a comprehensive set of programs that span grade school to college. Minnesota represents a model for the involvement of state government in American Indian education. Such involvement, which represents a distinct concern to meet the unique and special educational needs of American Indians, is rare or very limited among state governments. What follows is a thumbnail sketch of successful statewide activities and programs, and the challenges that await us.

DAVID BEAULIEU, a member of the Minnesota Chippewa tribe, is director of the Indian Education Section of the Minnesota Department of Education.

Promoting Tribal Control

Since the 1950s, Minnesota has developed a number of Indian education grant programs at all levels. For the most part, these state programs have extended existing federal-tribal government efforts by enhancing their purposes through additional appropriations and complementary programmatic activities. These efforts feature very close tribal government and Indian community involvement in developing and implementing all activities.

At the elementary and secondary levels, there are differences in academic achievement between those Indian students on reservations and those in urban communities. The annual withdrawal rate from public schools for Indian students in reservation areas is 8 percent. Although it is higher than the state average, it is significantly less than the rate in urban areas. A central reason for this difference is that tribal governments on reservations have given rise to tribal controlled schools for their members and have drawn students from many state public schools within their regions. Indian parents and students thus have many significant and varied options for education.

The effect of meaningful choices and transfers between tribal and public schools has been improved retention and achievement over time, while also improving the overall quality of educational experiences for Indians in both types of school settings. Tribal schools provide a model for the development of educational programs and services for Indian learners. Public schools and tribal schools have significant opportunities to share information and discuss the general improvement of public education for American Indians.

In general, public schools inadequately prepare Indian students for postsecondary education. The dropout rate is very high. For every 100 Indian students who enter 9th grade statewide, 73 will become seniors and 55 will graduate. In urban areas, the withdrawal rate from high school each year is 33 percent. In Minnesota, one fourth of all American Indians and one-third of American Indian boys are in special education categories. As with dropout rates, the figures for special education are significantly higher in urban areas. A large number of students who do remain in public high schools to their senior years do not graduate. For those who do, their preparation for postsecondary education is often inadequate.

Preparing Learners

One effort to directly improve the educational experiences of Indians in state public schools is Minnesota's Indian Post-Secondary Preparation Program. The program's broad purpose is to keep Indian students in school until they graduate, to better prepare them for postsecondary education, and to provide them with a sense of how various kinds of postsecondary training relate to career options.

There are approximately 26 school districts within the state offering such programs, which are focused on ending the social and cultural isolation of Indian students in school settings. They provide formal recognition of Indian student achievement, promote group activities

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THE INNOVATIVE IDEAS AND APPROACHES OF THESE STATE PROGRAMS ARE MODELS FOR THE RETENTION OF INDIAN STUDENTS IN POSTSECONDARY INSTITUTIONS AS WELL AS SECONDARY SCHOOLS

for Indian students, provide tutorial assistance, and encourage students to explore and discuss career and postsecondary options. These kinds of activities enhance the opportunities for recognition, leadership, friendship, meaningful and relevant assistance, and a positive, forward-looking sense of the future for Indian students. These experiences, aimed at changing attitudes and aspirations, are important objectives in their own right. They are essential to sustaining the enrollment and enhancing the achievement of Indian students.

The innovative ideas and approaches of these projects are models for the retention of Indian students in postsecondary institutions, as well as secondary schools. Postsecondary schools should be informed about these programs and develop direct relationships with program directors and their students.

Financial Aid, Scholarships

The cornerstone of Minnesota efforts in Indian higher education is the Minnesota State Indian Scholarship Program. The program provides financial assistance to American Indians who are residents of the state and who are accepted for enrollment in postsecondary institutions. The program is need-based and provides assistance to American Indian students who have financial needs after other sources of aid are applied to the student's cost of education.

The Indian Education Section of the Minnesota Department of Education maintains a field office in Bemidji to implement this program. It cooperates primarily with the Tribal Scholarship Programs of the Minnesota Chippewa Tribe and the Red Lake Band of Chippewa Indians. The state program currently contributes 60 percent of the unmet financial need, and tribal government programs provide 40 percent for students who are eligible for both programs.

Begun in 1955 by the state legislature, the program's development parallels the remarkable and sudden expansion of the number of American Indians going into postsecondary education in Minnesota. Its initial appropriation was $5,000, and the program assisted 10 of the 22 American Indian students attending some form of postsecondary institution in the state. In 1989, the program had an appropriation of $1.6 million and received requests for financial assistance from over 2,300 American Indian students enrolled in Minnesota postsecondary institutions.

Throughout the history of the program, approximately 6,500 American Indians assisted by the program have graduated. Seventy percent of these students have completed their postsecondary education programs within the last 10 years. Since 1970, 94 percent of students assisted have completed their programs. The current estimate is that 25 percent of all Minnesota Indians, aged 25 to 44 years, have had some college-level education.

The Challenges Ahead

Financial aid. There is an overwhelming need to increase the amount and variety of financial assistance for Indian students. The Minnesota Indian Scholarship Program is not adequately funded. Since the 1986-87 academic year, about 250 students a year, mostly first-time students, could not be assisted. Because the program provides for the unmet financial need of an Indian student after all sources of aid have been applied, a significant number of these students have been unable to go on to college. During the 1989-90 academic year, about 750 Indian students have been turned away from Minnesota's postsecondary institutions for lack of financial assistance. Because of their age and other characteristics, these students are not likely to try again. Postsecondary institutions must become more aware of and sensitive to the many unique aspects of Indian student enrollment.

The typical Indian student in postsecondary education in Minnesota is as his or her mid-30s, is more likely to be female with children, and is more likely to have a GED (General Education Diploma). About 25 percent of all students are on AFDC (Aid to Families with Dependent Children). When one considers the path that has led these students to postsecondary education, as well as the obstacles they face, it is apparent that Indian students in postsecondary educational institutions have many strengths, but that they also have unique needs.

Indian student financial needs are not typical of the average postsecondary student. Personal and family resources are often very limited. Students may find that they are expected to provide for other family members or to meet emergencies from their own limited resources. This often causes a student to interrupt an academic career for extended periods of time. Financial aid advising must become more attuned to unique definitions of need and provide a mechanism sensitive to Indian students' circumstances.

Academic preparation. Because of these often unusual circumstances, academic institutions have had to address the general issue of the academic preparation of Indian students who seek admission to postsecondary education. They have had to redefine entry requirements and to develop transfer programs with other postsecondary educational systems, such as trade schools, and encourage students to

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TABLE 1
Profile of American Indians in the Top Ten States, 1980

	American Indian Population[1]	Median Age	Percent High School Grads[2]	Percent College Grads[2]
California	227,797	25.8	68.5%	9.6%
Oklahoma	171,092	24.0	56.2	8.8
Arizona	154,175	19.9	42.4	4.3
New Mexico	108,585	20.3	47.4	5.1
North Carolina	65,808	23.3	38.9	5.8
Washington	61,233	23.0	63.2	7.4
Texas	50,296	27.2	63.2	12.4
South Dakota	45,525	18.6	48.1	4.7
Michigan	44,712	22.8	56.0	6.2
New York	43,508	26.3	55.7	6.1
U.S.	1,478,523	23.5	55.8	7.7

[1] Of the total American Indian population, one-fourth lived on reservations.
[2] As a percent of persons age 25 and over.

Source: U.S. Census Bureau, *Characteristics of American Indians by Tribe and Selected Areas, 1980*.

transfer. There are some important caveats about such approaches, however. Admission requirements and standards must not only reflect the mission and purposes of postsecondary educational institutions. They must also be capable of adequately measuring the potential for student success. The reliance on formulas that include test scores and high school rank are likely to eliminate many qualified Indian students. For example, some years ago the University of Illinois—Chicago adopted a "Selective Index" that produced a score used to measure the potential success of students and, therefore, a criterion for admission. All 40 American Indian students who were then enrolled at the University would not have been admitted under the index, although they were making satisfactory progress and achievement according to University standards for liberal arts college students.

Academic and student support services need to be sensitive to the difference between academic skills and preparation and the unique learning styles and needs of Indian students in higher education settings. Social and cultural differences among students are observed by differences in the style and manner of how a student is involved in instructional and learning activities. Student services have special challenges to see that differences in style and/or performances do not reflect negatively on a student's level of skill and preparation. If Indian students, for instance, are not particularly verbally outgoing, their silence does not imply that they are unprepared. The challenge is to help students seek effective strategies for learning.

Counseling and advisement. Indian students have unique resources and opportunities for postsecondary education at all levels. Federal, state, and tribal governments provide financial aid and scholarships, and there are several special scholarship funds from private sources. Graduate schools trying to recruit minority students offer financial support, and the federal government offers a special program of Indian Education Fellowships under the Indian Education Act. For students who have struggled to get through high school, or who have withdrawn and completed much later with a GED, the prospect of college may be daunting. For those who are not in school, getting access to information and good counseling may be difficult. Student services personnel should be particularly concerned about providing Indian students with information about the opportunities available to them. The Indian Education Section of Minnesota's State Department of Education, through its field office in Bemidji and its work with tribal governments, is an informational resource that people can readily identify.

Within the last 15 years, the variety of occupations and professions available to Indian people has expanded significantly. However, numbers of Indian students are simply not aware of the diversity involved, nor are they aware on a first-hand basis of the kinds of experiences these Indian people have had in order to enter professions.

Tribal governments and Indian organizations provide unique career and work opportunities. Often the desire to serve one's community is an important motivation for an Indian student to seek a college degree. However, the requirements for a degree do not always seem relevant to the student's career goal, or the community's need for professional expertise. Institutions need to consider the development of curricula to address issues for Indian tribes and communities. The career counseling component of Minnesota's programs for Indian students in high school addresses the issue of preparing them to understand the demands of college and the range of career options available to them.

The Keys to Success

The state of Minnesota has developed a distinct approach to postsecondary education for Indians. Academic institutions all too often assume that a generalized approach to recruitment, counseling, and support will work for all mi-

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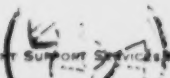

Academic and Student Support Services Need to Be Sensitive to the Difference Between Academic Skills and Preparation and the Unique Learning Styles and Needs of Indian Students in Higher Education Settings

nority students, but such is not the case. The Minnesota State Legislature has enacted an Indian Higher Education Act entitled "The Unique Needs and Abilities of American Indians in Post-Secondary Education" (M.S. 135A.12). It requires that the board of each public postsecondary education institution establish an Indian advisory committee if 10 or more full-time American Indian students request it. The committee must be established in consultation with tribally designated representatives and is charged to make recommendations regarding instructional programs and student services to meet the unique needs of American Indians.

A student who is proficient in an American Indian language has the opportunity to be assessed, placed, or given credit for that language skill on the same basis as for any language other than English. A version of the eminence credential for postsecondary teaching has been established for American Indian individuals who understand and have demonstrated knowledge of American Indian language, history, or culture. Such individuals are recognized as competent to provide instruction in those fields.

A very significant requirement for the hiring of individuals to serve in advising and counseling roles has been developed. Qualifications to provide non-instructional student services at postsecondary institutions where American Indian people attend must take into consideration knowledge and understanding of American Indian language, history, and culture.

The Higher Education Coordinating Board, which coordinates higher education planning in the state, is required to consult with tribally designated representatives when it conducts studies, performs evaluations, reviews programs, and makes recommendations that affect American Indian people. The Minnesota Indian Scholarship Committee, formerly advisory to the State Board of Education, was given unique status as a state committee. Its responsibilities were expanded to include reporting to the legislature through the State Board on the status of academic programs and student services for American Indians in postsecondary institutions that enroll recipients of American Indian scholarships.

Indian teacher training and the hiring and retention of Indian teachers have also become a focus of the Minnesota State Legislature. School districts in which there are at least 10 American Indian children are now required to actively recruit teacher applicants who are American Indian. School districts are allowed to retain an American Indian on probationary status or with less seniority in order to increase the number of Indian teachers.

The State Board, with the advice of the Minnesota Indian Scholarship Committee, is required to develop a scholarship program to help American Indians become teachers. During the 1989 fiscal year, the legislature required $50,000 of the Minnesota Indian Scholarship appropriation to be reserved for scholarships to students enrolled in teacher preparation programs. A grant program for Indian teacher training for the Duluth public schools and the University of Minnesota-Duluth was created. This program was expanded in 1989-90 to include two additional sites: the Red Lake Reservation and Bemidji State University, and the White Earth Reservation and Moorhead State University. The program was also converted to a loan forgiveness program, where student loans would be forgiven if the student actually became a teacher. The teacher preparation program grants require a joint application between a teacher training institution and a school district with significant Indian student enrollment. It is hoped that the overall purposes of these institutions will thus be more directly focused on Indian education issues and needs in an area where it is likely to have an immediate impact.

American Indian involvement in postsecondary education is remarkably recent. Experience indicates that American Indians have unique and special needs that higher education institutions must identify and to which they must respond. As is the case in Minnesota, state government can have an important role in facilitating existing federal-tribal government efforts by providing financial assistance. In providing financial aid, a state government also has a more direct interest in assisting public schools to better prepare Indian students for higher education and to evaluate the effectiveness of academic programs and student services for American Indians. In all its programmatic and financial efforts for Indians, the state of Minnesota has required a formal, structured involvement of tribal government and Indian communities in the planning, developing, and implementing of programs. This care and diligence on the part of Minnesota state government comes from the formal recognition in the Indian Higher Education statute, of the "unique academic and culturally related educational needs of American Indians." It also comes from Minnesota's recognition of the political and legal status of tribal government and the need for effective federal, tribal, and state inter-governmental cooperation. □

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Senator WELLSTONE. Dr. Belcher, I don't know whether you mentioned this in your testimony, and if you did, I missed it, but what is your best guess about the number of hours—and Dr. Barrozo talked about this at Metropolitan State—the number of hours a student works here off-campus, or on-campus.

Ms. BELCHER. Our part-time students are working on the average I would say about 25–30 hours, almost full-time, and some of them are working full-time.

Senator WELLSTONE. Why don't we get a show of hands from the students who are here right now? Would you say on the average you're working outside of school 25 hours a week—more? Some are saying 40, 30, 25, 20.

Ms. BELCHER. Yes, some are working full-time, quite a few.

Senator WELLSTONE. Let me try to break the questions up into two different frameworks. First, I think I'd like to go back to what you said, Dr. Barrozo, and ask both you and Dr. Belcher—one of the things that both of you have talked about, in a somewhat different way but I think it is the same central point, is that the nontraditional students have become the traditional students in many ways in this country—and that's just a way of making the point. And Dr. Barrozo, you talked about a new paradigm, and we really have got to understand this.

Just at the level of desirability—and Dr. Belcher gave me, I think, some very specific points that we can translate into some legislative initiatives—at the level of desirability given this new paradigm, what direction do you think we ought to be going in now as we go through hearings and really rewrite legislation as we reauthorize the Higher Education Act? What would be your priorities? This is really a question for all of you, but starting with the two of you.

Mr. BARROZO. Let me begin by saying—and I should have said this earlier, and intended to—that the realism part of all of our thinking about this is that there is not likely to be a large increase in the appropriation. That is why I spoke initially about the 55,000 students in the State university system, most of whom are more traditional age, and believing that we ought not to be looking at those funds as somehow now being shifted entirely to the nontraditional students.

That is why I also put it in the context of the future, and in the larger context of the global economy, because I think that the Congress will need to come to a fuller realization that meeting the professional work needs of the work force is absolutely essential to the United States and its place in the global economy.

So I would make that not immediate priority.

But there are some things that I can say a little more specifically that are connected with what Dr. Belcher said. People who do work largely full-time and pay for their education are part-time in part because even when they are working full-time they have a lot of different kinds of claims against that income—they have families to support. And having a large number of claims against that income, they are forced to be part-time as it were and stopping out a lot. In other words, they are not here every quarter; they are here for a quarter, and they disappear for two quarters. Well, that's not because they lost interest, or because they don't have the

need for that further higher education, but rather that they simply can't afford it, and they have to kind of spread it out. So that is what partly has created the large part-time nontraditional group. And among those costs are, for example, day care. That is why I wanted to put in a little plug for that, also. I think that should be a serious pa[illegible] of your consideration in looking at this.

But then again, finally and more concretely, is the situation with the Pell grants and the Stafford loans, their restriction to people carrying a full-time load or very nearly a full-time load does not provide for the access and opportunity that this other population certainly needs, and increasingly the United States must recognize that.

Senator WELLSTONE. It is sort of interesting, if I understand your line of argument—that all too often students, given the financial circumstances of their lives, have no other choice but to take less than six credits, which in turn only makes matters worse because they are no longer eligible for some of the grant programs; is that right?

Mr. BARROZO. That's right.

Senator WELLSTONE. That's an interesting Catch-22 of public policy.

Ms. BELCHER. I think that is a really important point because many times when we hear our legislators speaking bout what we need to do in education, one point is let's get these students in school and get them through, finished, do a quality job, and get them out. But that is almost impossible, as you can see, because of their need to work.

I really support the idea and using that idea that nontraditional is more traditional than we had thought. It is the traditional student, in at least most of the urban areas if not the other areas. If just that attitude were there, then I think the legislation would be a lot different.

Senator WELLSTONE. I'm going to ask a specific question to Brian, and then I want to ask one final question to all of you.

As I understand your argument—and it is a long story, and we could have a long discussion about it—but part of what you are talking about is that the lower tuition costs as you see it really are a subsidy, but the problem is that once you make that argument and try to move forward in public policy—you have found from tracking the debate at the legislature much less probably what you'd find in cafes—that people might agree with you but then they don't have any faith whatsoever that there will be a safety net, and therefore they think it will end up just inflicting more of a squeeze on them; is that right?

Mr. ZUCKER. Yes.

Senator WELLSTONE. So that is part of the issue, and of course, that has to do with what the Federal role would be in terms of Federal aid and whether not in any way, shape or form it would fill in those gaps.

I think I understand that argument loud and clear. Could you talk just a little bit—and I've got one more question, and I don't want us to run out of time—about this squeeze on middle-income students? I am quite interested in that. And Dr. Barrozo said, and President Hasselmo also talked about a zero sum gain—and I cer-

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tainly don't want this to become a zero sum gain—a gain for some, a loss for others—between traditional and nontraditional, between community college and university, between public and private, or middle and low income students. But I think we've got to consider all these parts of the equation.

Mr. ZUCKER. Right. There is a term out there that is called the "middle-income melt." I think it is a term used much more in the private sector than in the public sector of higher education, and it really pertains to the dilemma that a lot of middle-income families now find themselves in, where simply because of their income and because of the Congressional Methodology, they will not qualify for aid, and yet they do not have the resources to pay the cost of a private sector education at this point.

The dilemma is that as those people shift to the public sector—and they have in dramatic numbers over the decade, and that is substantiated by the Census data where we have seen in that third quartile of family incomes that the private sector share of those people has dropped by about 30 percent in the past 10 years—that as those people shift over to the public sector, and as the public sector resources become constrained, and the public will find itself capping enrollments, those people will crowd out lower income people.

So inasmuch as it is something which affects middle income, it is a chain reaction.

Senator WELLSTONE. OK. Do we have agreement on that?

Ms. BELCHER. Yes. That is the current situation at MCC.

Senator WELLSTONE. I have to tell you that you've really helped me out at the conceptual level; I really appreciate the way you answered that.

This is the final question, and I hope to hear about this at open mike, too. What would each of you say—to the argument—and let's just for a moment if you don't mind taking this to the Federal level—Higher Education Act up for reauthorization, the whole question of the Pell grant program being the foundation, what would you say to those people who say we just don't have the money? I hear that, and I am just interested in your response as men and women who are devoting your lives to education.

Ms. BELCHER. I would just say what faculty and students say to me when I say we don't have any money at the college. They say it is a matter of values and priorities, and that's what I think is the bottom line. [Applause.]

Mr. BARROZO. I can only add to that what I've said already, that we need to consider a new paradigm. We need to look at this increase in nontraditional students and understand that that needs to be understood and thought about in the context of the United States competitiveness in the global economy, and that higher education is not only for 18- to 22-year-olds; that the work force in the 21st Century will be very different.

Senator WELLSTONE. Can everyone hear okay? Everybody should make sure they are really quite close to the mikes.

Yes, Brian.

Mr. ZUCKER. I guess I would take something of a total quality approach to this, and something that private industry has increasingly recognized, which is that high quality does not necessarily have

to mean high cost. My biggest fear is that in some ways in our effort to be penny-wise, we are being very pound-foolish, and that by under-investing in higher education, we prolong the completion times, we make it actually more expensive to complete, and that if we were to put up the sufficient funds to do the job right the first time that we wouldn't have to be going back and reinvesting.

In a sense if we look at something like remedial education, the analogy in industry would be scrap and rework. That is a crude term, and I apologize for it, but I think the idea is that we should not be afraid to make the investment and to look at it on sort of a life cycle costing basis.

Typically we are looking at cost for attendance on an annual basis and not on a degree-conferred basis, and the perspective of degree-conferred versus years of attendance are very different. I would say there are enough resources.

Senator WELLSTONE. First of all I have to say to you, Dr. Barrozo, that language like "paradigms"—I'm back home in academia, and I can see that—I think is on the mark. I really think that this has been tremendous testimony, and I really thank you for being here.

I guess I would say to you all and everyone at one time—I don't think I'll say it again—that there is nothing symbolic about this hearing; this is part of the record. And for my own part, working with you and many others, we really intend to work hard on all of this; this has got to be so important in this country.

Thank you so much for your help. I really appreciate it.

[Applause.]

Senator WELLSTONE. Before the next panel comes up, we're going to make one change that I think really adds to this formal hearing. Congressman Tim Penny from the First District called and said that he would very much like to testify, so Tim is going to take 5 minutes. He has been a real leader in the House on higher education issues for sometime since being elected in 1982, so when Congressman Penny called, I said we would be very pleased to have him here. So I hope everybody will welcome Congressman Tim Penny.

STATEMENT OF THE HON. TIM PENNY, MEMBER OF CONGRESS, FIRST DISTRICT, STATE OF MINNESOTA

Mr. PENNY. Thank you, Paul.

I too want to stress the importance of this hearing during the reauthorization of the Higher Education Act. Five years ago, I held similar hearings in southeastern Minnesota. All of the testimony at these hearings does become part of the committee record; it helps in the development of the legislation, and you are to be credited for bringing this hearing to Minnesota.

It is a pleasure to be here today to talk about issues surrounding higher education. I have a long history of involvement with these very issues. Back in 1973, I was a student lobbyist for the State university system and worked at the State legislature to help create the first Guaranteed Student Loan program in the Nation. Following my work as a student lobbyist, I was appointed to be the first student on the Minnesota State University Board and worked for two and a half years there to hold down tuition and fees for our

public school students. Then I served 6 years in the Minnesota State Senate prior to my election to Congress, where I was the chief sponsor of every student financial aid bill that passed during those 6 years. So these are issues that are near and dear to me.

I was a member of the House Education and Labor Committee during my first three terms in Congress and was there during the 1985 authorization.

I look forward to reviewing the testimony that is presented to you today, and I will be beating the same drum, to some degree, as the panel that just concluded because they have stressed what I believe are some of the most critical issues that we face in the 1991 reauthorization of the Higher Education Act.

One of those issues is priorities. I believe we took the right step last week in the House of Representatives, and similar action occurred in the Senate, as we began to shift our emphasis toward education in next year's budget. In particular there was an amendment offered on the House floor by Representative Ford, the chairman of the Education and Labor Committee, to increase beyond the $1 billion increase for education programs another $400 million at the expense of less important items in the budget. I was delighted to work with him to pass that amendment on the House floor. It did demonstrate, I believe, that we were willing to make cuts in less important programs to put an investment in education.

In addition I would stress as I get into my remarks about the priorities for this year's Higher Education Act that your committee and the Senate be bold—I don't have to tell you to be bold, but Congress as an institution is seldom bold in its actions. But clearly, what is going on in higher education today requires bold action.

I think it is a tragedy that so many Americans have been left behind simply because they are unable to afford college. Currently, many Americans return to school but they find that the Federal financial aid structure fails them. It was referred to in a previous panel as a block of nontraditional students, but the traditional image of the undergraduate being about 20 years old, attending full-time, and staying in a dorm just doesn't apply. That represents only about 20 percent of our college students today. A more accurate picture is a 25-year-old female who lives off-campus, works almost full-time and commutes to a community college. She would more than likely postpone marriage, or if she has a family she is then in the position to juggle both family and school.

Of the approximately 13 million college students today, 55 percent are female, 45 percent are at least 24 years old, 40 percent attend school part-time, and nearly 30 percent are married. The number of part-time students is expected to grow to 60 percent by 1995. And not all part-time students are older. Twenty percent of the under-24 age population are also attending school on a part-time basis.

Despite the trend toward attending school on less than a half-time basis, only 6 percent of these needy students receive Pell grants presently. In 1989 in his report to Congress on less-than-half-time students, then Secretary of Education Lauro Cavazos concluded that students deserve our encouragement and support and should not be denied access to training that may better their job

skills or employment opportunities solely because they are unable to enroll for more than one or two classes at a time.

At the same time, these so-called nontraditional students are not eligible for federally-insured student loans. Many of these students have no access to any form of financial aid. I urge the committee to open the doors of American higher education to these students.

We were able to work for the inclusion in the 1985 Higher Education Act of some coverage for these students, but unfortunately in the years since those benefits were never fully implemented. I have proposed in past Congresses and will propose again this year legislation to provide aid for nontraditional students. The legislation would make all students eligible for Federal student aid based on need and satisfactory performance in school. Level of attendance would no longer be a consideration for the purpose of determining aid. Making part-time students who are working hard toward a degree or certificate eligible for student aid makes sense and addresses what many Americans see as a deficiency in the current law.

I would also urge your committee to address another unmet need of many students, and that is the need for child care—in fact, I saw a baby out there somewhere in the audience earlier. I suggest the committee allow child care costs to be considered in the computation of need used to determine Federal student financial assistance. That is one way to address this issue. The cost of acquiring child care is often the single greatest reason why students do not continue or do not return to school. It is time to fully recognize that pressing need.

Finally on another matter, I would urge the committee to restore the deferral on repayment of student aid for those medical students who are performing low-pay residencies or internships as part of their training. I have introduced legislation along these lines as well, and I will share that with you and your committee colleagues.

Again I want to thank you, Senator, for bringing this hearing to Minnesota. I look forward to working with you and the Minnesota higher education community and students and families to follow up on the concerns that are expressed here. As we begin the process of reauthorizing the Higher Education Act, we have to be mindful of the needs that are not being met, of the changes that are happening on our college campuses, and of the necessity to adequately train all people for the jobs of the future. You believe, I believe, and I think most Americans believe that investing in education is the best way to prepare for the challenges that this country faces in the years ahead.

Thank you. [Applause.]

Senator WELLSTONE. Thank you very much.

Representative Penny has an engagement in Rochester, MN, but I would like to thank Tim for being here. And Tim, just one quick thing I'd like to say to you on your way out, which is I really would like to thank you—it is one thing that Congressman Penny should come and testify—a lot of people testify—it is another thing that he should come up here and have such strong conviction about it, such clear direction, introducing some really concrete legislative proposals. Tim was someone who came up to me some time ago and said to me, "Look, I think you ought to hold these hearings because

this is the way to really involve people." So we really are talking about some outstanding leadership.

Thank you so much for being here today. I appreciate it, Tim. [Applause.]

We'll move to the next panel: David Krogseng is with the Minnesota Association of Private Postsecondary Schools, where he is the executive director. Tricia Grimes is a policy analyst with the Minnesota Higher Education Coordinating Board. Herald Johnson is director of student financial services at Augsburg College, and Herald is also president of the Minnesota Association of Financial Aid Administrators.

Let's start out with Mr. Krogseng.

STATEMENTS OF DAVID KROGSENG, MINNESOTA ASSOCIATION OF PRIVATE POSTSECONDARY SCHOOLS; TRICIA GRIMES, MINNESOTA HIGHER EDUCATION COORDINATING BOARD, AND HERALD JOHNSON, MINNESOTA ASSOCIATION OF FINANCIAL AID ADMINISTRATORS

Mr. KROGSENG. Thank you very much, Senator Wellstone.

My name is Dave Krogseng, of Minneapolis, and I am the executive director of the Minnesota Association of Private Postsecondary Schools.

I am delighted to be here this morning. Staff has asked me to take a slightly different approach to this hearing and not talk so much about financial aid as some other questions, probably in light of some of the events of the last three or 4 years.

The U.S. Department of Labor in a recent study said that the service sector will account for 16.7 million of the 18.1 million jobs created between now and the year 2000. Growth in demand will be particularly heavy for technical and related support occupations and business and health services. While only 20 percent of these jobs will require a college degree, almost 70 percent will require education or technical training beyond high school—in other words, the kind of training offered by our school.

The public sector simply cannot do the job alone. Private career education is a necessary part of our efforts nationally to prepare people for jobs.

I very much appreciate the opportunity to be here this morning to outline for you a State that works and is prepared to help meet that challenge.

Let me give you some essential background. MAPPS is recognized in Minnesota State law as the association representing private career colleges and schools in the State. We represent over 70 percent of the students who are eligible for student financial assistance in private education.

Our typical student is a 24 year-old, single, white woman, a high school graduate with a low income. This student works 29 hours per week while attending school full-time and receives financial aid from Federal and State programs. She drives 16 miles one way to school in a car each day.

In our overall profile, 57 percent are women. We have the highest proportion percentage-wise of minority students of any system in the State. Twenty-seven percent have children under the age of

18. Thirty-nine percent have an annual income of $4,000 or less. Six percent earn $20,000 or more. Seventy-six percent work while attending school, and 67 percent are classified as independent.

Our schools date back to the 1870's, some 70 years before the establishment of the first public vocational school in the State. Like career institutions nationally, most of our schools have narrow-focus curricula—business, computer technology, drafting, electronics, cosmetology, medical technician, secretary, etc.

I know that you, like we, have been disturbed by stories in the media about a number of private career schools that have been found to be abusing the system. Although the number of such schools has been small, the situation has been magnified by our detractors. Minnesota has been free of such stories, and I am here this morning to tell you why.

Over the past several years, we have concluded that the system in place in the State serves to keep out the bad apples and provides consumers with assurances of quality in the education they receive. We know that our accrediting bodies have been working diligently to improve their processes and procedures to help overcome problems in our sector nationally. That accreditation process plus the Minnesota regulatory system plus the Minnesota inclusive system and the dedication of our schools points to quality education in our system. Let me give you a few examples.

In 1989, the Minnesota Higher Education Coordinating Board issued a detailed study of private schools. At the conclusion of that report they said Minnesota's private career institutions generally appear to provide responsive and responsible educational opportunities and a choice to Minnesotans. They complement the educational opportunities available for the technical institutes, community colleges, the University of Minnesota-Crookston and the University of Minnesota-Waseca.

The State's provisions for oversight of private career institutions and their inclusion in planning and coordination efforts appear to have been effective in preventing the types of abuses by private career institutions that have been identified nationally. Student persistence, job placement and starting salaries in related programs appear to be comparable.

In the spring of 1990 the U.S. Department of Education published their annual list of the cohort default rates. In that 1990 list, it was found that the schools that belong to our association in Minnesota have an enviable record. We don't have one school belonging to MAPPS with a default rate in excess of 20 percent. Our average rate is 13.2 percent, which is less than half the national average for our type of institution.

We have put a major emphasis on reducing the default rate over the past several years when this first became recognized as a national problem. We have conducted annual seminars on default management, and we constantly put pressure on our schools to bring that rate down, and I think our record has been exemplary.

The National State Higher Education Executive Officers group is currently working on a draft study of licensing of private career colleges and schools. Our schools in this State believe very strongly in fair and tough regulation. Minnesota law provides for that. With various amendments over the years, we have had such licensing

laws in our State since 1968. There is not one school owner or director in our State today who would deny the overall value of that law. It very simply serves to keep out the bad apples which have been prevalent in some other States.

When you consider various reauthorization proposals at the Federal level, I hope you will recognize the need for all of higher education to meet the same basic standards. There is no justification, for instance, for public and private 2-year institutions to be treated differently in the area of reporting of graduation and placement data or the treatment of schools with the same high default rates or in refund policies or in any other way regarding fundamental standards. Let us all, public and private, operate from the same base so that the student can accurately compare his or her choice in higher education institutions.

Finally, I would point to the quality assessment study completed last year, funded in part by HECB through a legislative grant. That study found that 89 percent of the students in our system—and this was a survey of 4,500 students—would recommend their school to a friend. Eighty-seven percent were satisfied with the quality of teaching. Eighty-three percent were satisfied with the instructional materials, and 88 percent were satisfied with relevance of courses. I delivered a full copy of that report to your office yesterday, Senator.

Inclusionary policies—and this is the final major point I want to make, Senator. In Minnesota, we have an inclusionary policy that brings together public and private, 2-year and 4-year systems of higher education. In this State at least as of this morning, we have six systems of higher education. As we speak, the legislature is considering various merger proposals which may bring us down to who knows how many by the time they are done with them. But the point is the heads of these six systems plus the HECB and the Department of Education form the Higher Education Advisory Committee. We meet once a month, usually joined with other staff. It is with this group that the basic coordination and inclusion begins. The umbrella for all of this is the Higher Education Coordinating Board.

Since our inclusion in the State scholarship and grant program and the advent of degree-granting authority in the mid-1970's, private career colleges and schools belong to our association have been an increasingly important part of the overall higher education community. Our inclusion has brought vitality and strength to all of higher education. We are more vital and we are stronger because of that. We don't separate out the University of Minnesota because it is so large any more than we exclude the private career colleges and schools in this State. We work together. We have a great deal of pride in this, and I think along with that pride we recognize our responsibility. I think that is what has been helpful in bringing about the quality of education that our system has in this State, and I think it is a system that could be copied by many other States in this Nation.

In conclusion, Senator, I want to point out that our schools are responsible providers of education. We are proud of the system we have in Minnesota. That pride comes about because we are toughly but fairly regulated, because we have a low default rate, because

we have proven quality, and because we are included as a part of the higher education system.

There is a tendency on the part of some to recommend punitive legislation for all of private career education because of a small number of abusers of that system. There are those who maintain that the students' freedom of access and choice to educational opportunity should be limited when it comes to private career education. The vast majority of private career colleges and schools are performing an outstanding service in preparing their students for a meaningful place in the American work force.

I very much appreciate the opportunity that you have given us this morning.

[Due to the high cost of printing, the document submitted by Mr. Krogseng entitled "Gauging Quality: Student Perspectives On Minnesota Private Career Schools" by Richard W. Moore and Edward J. Smith is retained in the files of the committee.]

[The prepared statement of Mr. Krogseng (with attachments) follows:]

PREPARED STATEMENT OF MR. KROGSENG

Senator Wellstone, my name is Dave Krogseng, Minneapolis, and I'm the Executive Director of the Minnesota Association of Private Postsecondary Schools. I'm delighted to be here this morning to testify for MAPPS relative to the Reauthorization of the Higher Education Act.

The U.S. Department of Labor, in a recent study, said that the service sector will account for 16.7 million of the 18.1 million jobs created between now and the year 2000. Growth and demand will be particularly heavy for technical and related support occupations, and business and health services. While only 20 percent of these jobs will require a college degree, almost 70 percent will require education or technical training beyond high school. In other words, the kind of training offered by our schools. The public sector simply cannot do the job alone. Private career education is a necessary part of our efforts nationally to prepare people for jobs.

I very much appreciate this opportunity to outline for you a state that works and that is prepared to help meet that challenge.

BACKGROUND

Let me give you some essential background. MAPPS is recognized in Minnesota law as the association representing private career education in the state. We have 30 members, educating over 70% of the students eligible for student financial assistance in private career education. All of our schools are accredited by one or more of the accrediting bodies recognized by the Secretary of Education, or approved by another Federal Agency.

The typical student in our system is a 24 year old single white woman, high school graduate, with a low income. This student work 29 hours per week while attending school full time and receives financial aid from federal and state programs. She drives 16 miles one way to school in a car.

The overall profile of our students follows:

...57% are women

...the average age is 24.5 years

...the most recent study by the Minnesota Higher Education Coordinating Board shows that private vocational colleges and schools have a higher percentage of minority students as a percentage of total enrollment than any other system in the state- 9.6%.

...21% are married

...27% have children under 18

...56% are high school graduates; 28% have some college; 10% have an associate degree; 5% have a baccalaureate degree

...39% have an annual income of $4,000 or less; 6% earn $20,000 or more

...23% have a family income of $7,500 or less; 24% $35,000 or more

...76% work while attending school

...67% are classified as independent for their financial aid status

...54% attended another post-secondary institution prior to attending their private career institution

...of those, 39% had been to a public four year institution; 33% a community college; 29% a technical college; 11% another private vocational school; and 9% a private four year institution

...40% cited job dissatisfaction as the reason for seeking training; another 25% were recent high school graduates

...35% listed the school's reputation for job placement as the most common reason for choosing that school 12% stated small class size; and 12% stated short programs

Our schools date back to the 1870s, 70 years before the establishment of the first public vocational school in the state. Like career institutions nationally, most of our schools have narrow focus curricula: business, computer technology, drafting, electronics, cosmetology, medical technician, secretary, etc., designed to prepare the student for employment as quickly as possible.

I know that you, like we, have been disturbed by stories in the media about a number of private career schools that have been found to be abusing the system. Although the numbers of such schools have been small, the situation has been magnified by our detractors. Minnesota has been free of such stories and I'm here this morning to tell you why.

Over the past several years we have concluded that the system in place in this state serves to keep out the "bad apples" and provide consumers with assurances of quality in the education they receive.

We know that our accrediting bodies have been working diligently to improve their processes and procedures to help overcome problems in our sector nationally. That accreditation process, plus the Minnesota regulatory system, plus the Minnesota inclusive system, and the dedication of our schools, points to quality education in our system.

Let me give you a few examples.

HIGHER EDUCATION STUDY

In 1989 the Higher Education Coordinating Board issued a detailed study of private schools in the state where the students are eligible for student financial aid. In the conclusion to that report HECB said:

> *"Minnesota's private career institutions generally appear to provide responsive and responsible educational opportunities and a choice to Minnesotans. They complement the educational opportunities available through the technical institutes, community colleges, the University of Minnesota-Crookston and the University of Minnesota-Waseca. The state's provisions for oversight of private career institutions and their inclusion in planning and coordination efforts appear to have been effective in preventing the type of abuses by private career institutions that have been identified nationally. Student persistence, job placement, and starting salaries in related program areas appear to be comparable."*

DEFAULT

In the spring of 1990 the U.S. Department of Education published default data for higher education institutions in the nation. Schools belonging to MAPPS have an enviable record. Not one school has a default rate of more than 20% and our overall rate is 13.2%, less than half the national average for our type of institution. We continue to be on par with our public counterparts in the state. The reasons for this can be found in the fact that MAPPS was the first system of higher education in the state to take the initiative in developing a default management program. For each of the past three years we have conducted a default management seminar to assist our schools in working their default rates down. We continue to put pressure on our schools to reduce the rates. Our initiative was commended by HECB and it was instrumental in having the public two-year institutions take the same approach.

STATE REGULATION

The national State Higher Education Executive Officers group is currently working on a draft study of licensing of private career colleges and schools. Much of what they are recommending in their initial draft has been in place and working in Minnesota for many years.

For instance:

...*advertising.* Minnesota law now provides that advertising for our colleges and schools must be approved by the State Department of Education.

...*school catalogs and enrollment agreements.* These, too, must be approved.

...*licensing of school personnel.* Our faculty must be approved and our solicitors must be licensed.

...*institutional finances.* We already have financial oversight, including audits of student financial aid. We also have a pro-rata refund policy which we feel has been instrumental in our low default rate.

...*site visits.* These are already a part of the Minnesota system.

...*curriculum and program standards.* Minnesota law and practice already provides for course evaluation before being offered and then an ongoing evaluation.

...*outcomes.* We have a tough system for reporting placement data. In addition, our Association has initiated a quality assessment program which has enabled us to gauge outcomes.

Minnesota's private career colleges and schools believe strongly in fair and tough regulatory practices. Minnesota law provides for that. With various amendments over the years, we have had such licensing laws in our state since 1968. There is not one school owner or director in the state today who would deny the overall value of our law. It very simply serves to keep out the "bad apples" and to assist us in providing the best possible quality education for the students we serve.

When you consider various Reauthorization proposals at the Federal level, I hope you'll recognize the need for all of higher education to meet the same basic standards. There is no justification, for instance, for public and private two-year institutions to be treated differently in the area of reporting of graduation and placement data, or in the treatment of schools with the same high default rates, or in refund policies, or in any other way regarding fundamental standards. Let us all, public and private, operate from the same base so that the student can accurately compare his or her choice of higher education institutions.

QUALITY

Finally, I point to the Quality Assessment study completed last year, funded in part by the Higher Education Coordinating Board through a legislative grant. The second phase of this study, the follow-up of a sampling of the 1990 respondents, is underway now. I just want to give you a few results, gleaned from some 4,500 respondents. A complete copy of the study is attached.

...89% of our students would recommend their school to a friend

...87% were satisfied with the quality of teaching

...83% satisfied with instructional materials

...81% satisfied with schedule of classes

...88% satisfied with relevance of courses

...77% satisfied with quality of facility

...81% satisfied with instructional equipment

...80% satisfied with instructional labs

...79% satisfied with computer equipment

In addition to these system results, each school received a detailed analysis of its individual results. That report enabled each school to work through detailed analyses of the strengths and weaknesses pointed out by the responding students. Each school then took those results and implement strategies to improve on the strengths and reduce the weaknesses.

INCLUSION

An inclusionary policy, involving all sectors of higher education, is absolutely vital to this entire discussion.

In Minnesota we have six systems of higher education. The four public systems are the University of Minnesota, the State University System, the Community Colleges and the Technical Colleges. The two private systems are the Private College Council and the Minnesota Association of Private Postsecondary Schools. The latter two are voluntary organizations and include most, but not all, institutions eligible for membership.

The heads of the six systems, along with the Executive Director of the Higher Education Coordinating Board and the Commissioner of Education, make up the Higher Education Advisory Committee. We meet once a month and are usually joined by other staff from the Coordinating Board and the State Finance Department. It is with this group that the basic coordination and

inclusion begins. The umbrella for all of this is the Higher Education Coordinating Board. Since the inclusion of our schools in the state scholarship and grant programs and the advent of the degree granting authority in the mid '70s, private career colleges and schools belonging to our association have been an increasingly important part of the overall higher education community. In 1980 that relationship was formalized when the State Legislature amended state law to include officially a member of MAPPS on the Higher Education Advisory Committee.

To give you a few examples of this inclusion, during the past year we have been represented, as equal partners with the other five systems, on the following HECB committees and task forces:

Inter-System Planning Group - the key personnel from each system who serve as a study and planning group on a wide variety of higher education concerns.

Quality Assessment Task Force - coordinated the quality assessment pilot projects within each of the six systems, funded by the State Legislature.

Financial Aid Committee - an advisory committee to the Board made up of financial aid administrators from each system.

Transfer of Credit Committee - established to deal with specific problems of transfer of credit.

Post High School Planning Program Advisory Task Force - assists with programs designed to help high school students meet their post-secondary educational needs.

Student Advisory Council - designed to present student concerns to the higher education community.

Placement Tracking Systems Advisory Committee - to develop a six-system program for uniform placement tracking data.

Other committees have included financial aid review, postsecondary needs and access, off campus programs and parent information.

In addition, MAPPS has two members (as all systems do) on the HECB Program Advisory Council. This is the group which must approve major changes or additions to program offerings within higher education. It also is charged with the responsibility of reviewing associate degree programs.

The private career sector is involved with virtually every activity of higher education in Minnesota. The only exceptions are those subjects that deal exclusively with the public sector. And even then we are kept advised of what is being discussed and are invited to attend those meetings.

Our inclusion as an equal partner in the higher education community of Minnesota has brought strength and vitality to all of higher education. All six systems are stronger and more vital because they are an integral part of what is going on. We don't separate the University of Minnesota because it's so big any more than we separate the private career colleges and schools. We work together. We jointly seek to improve the level of quality of education.

Yes, we have disagreements. I would hope so. Anything less would mean we're not doing our jobs. Because of the system we have we are able to work out those differences among ourselves in a highly civilized and rational manner. It's not unlike our own Association. MAPPS consists of accredited colleges and schools in different program areas, as well as comparable program areas. In the twelve years I've been associated with the organization, not once has there been a problem because of the potential competitive factor. Our schools have learned to work together, just as all six systems of higher education have learned to work together. Our schools, as the systems, have recognized there's a higher cause out there to be met and it involves the quality of the education we offer our students.

If we were apart - if our schools weren't communicating - if the six systems weren't communicating - higher education in the private sector and all of post-secondary would be in a state of chaos.

For MAPPS I must frankly admit that our Minnesota system leads to a certain sense of pride. We're proud to be a recognized member of higher education. We take a lot of satisfaction in being included in every major decision made in higher education in Minnesota.

Along with that pride goes a great deal of responsibility. Each of our member schools feels a responsibility to provide quality education for the student. We know we are a part of a nationally recognized system of higher education. We want to hold up our end of the bargain. We're "tuned in" to what is happening. We are a part of what's happening. Human nature alone dictates that we pay particular attention to the kind of education we offer and the job we do in our respective schools.

There is absolutely no question in my mind that many of the problems faced by career colleges and schools across the nation could be significantly alleviated by a state policy of inclusion.

CONCLUSION

Dr. E. Ann Kelley of the Minnesota Higher Education Coordinating Board and a member of the Advisory Committee on the SHEEO State Licensing Project has said:

> *"Many of the standards recommended in the draft are required in Minnesota. The proprietary sector is one of six systems of post-secondary education operating in Minnesota; the schools participate in most post-secondary education programs (including financial aid) and in post-secondary planning in the state. In our judgement, they are responsible providers of education."*

Yes, our schools are "responsible providers of education." We are proud of the system we have in Minnesota. That pride comes about because we are toughly, but fairly regulated; because we have a low default rate; because we have proven quality; and because we are included as a part of the higher education system.

There is a tendency on the part of some to recommend punitive legislation for all of private career education because of a small number of abusers of the system. There are those who maintain that the student's freedom of access and choice to education opportunity should be limited when it comes to private career education.

The vast majority of private career colleges and schools are performing an outstanding service in preparing their students for a meaningful place in the American work force. I would strongly urge you to not restrict that freedom through restrictive amendments to the Higher Education Act, aimed only at the students in our sector.

The problems of higher education are not confined to one sector. The American people increasingly demand quality in all of our systems. We have proven in Minnesota that we can meet that demand; that we can be responsive to the needs of the work force; and that we perform a vital function in providing educational opportunity for thousands of Minnesotans each year.

I very much appreciate this opportunity to discuss these issues with you and will be more than happy to answer any questions.

ATTACHMENTS:

A Statement of Mission

Minnesota Association of Private Postsecondary Schools Member Institutions

Minnesota Association of Private Postsecondary Schools Fact Sheet

History of Inclusion of Private Career Institutions in the State Scholarship and Grant Programs

United States Department of Education Default Rates, April 1990

Statement of Phil Miller, President of Medical Institute of Minnesota, and former MAPPS President, on Title IV of the Higher Education Act

Minnesota Association of Private Postsecondary Schools Quality Assessment Report

Recommendations for the Reauthorization of the Higher Education Act, submitted by the Association of Independent Colleges and the National Association of Trade and Technical Schools

Report Card: Actions by the Association of Independent Colleges and Schools and the National Association of Trade and Technical Schools to Improve the Effectiveness of Private Career Schools and Colleges and Reduce Problems With the Administration of Federal Financial Aid Programs, 1988-1991. Washington, D.C., May 1991

A STATEMENT OF MISSION

Private Career Education in Minnesota

Private vocational schools have been serving the people of Minnesota for well over 100 years, several today in continuous service since prior to the turn of the century. At least one traces its existence to the 1870s - 70 years prior to the authorization of the first public vocational school in Minnesota.

All of these schools are regulated and licensed by the State of Minnesota by at least one state agency. All schools belonging to the Minnesota Association of Private Postsecondary Schools (MAPPS) also submit voluntarily to accreditation by one or more of the national and regional organizations recognized for this purpose by the United States Department of Education. These are both institutional and program accrediting agencies.

Most of our schools have narrow focus curricula: business, computer technology, drafting, electronics, cosmetology, medical technician, etc., designed to prepare the student for employment as quickly as possible. The course content in each school generally represents a theoretical as well as practical application of the subject matter. The emphasis in our schools is a practical knowledge that allows the individual student, in the shortest time, to acquire job skills leading to immediate employment. Course length and cost vary considerably, with the maximum length being two years.

MAPPS schools strongly support the industrial growth of the State of Minnesota by keeping up with the needs of business and industry through the courses offered for career training. These schools are cognizant of the responsibility they have to provide trained people for the work force with skills appropriate to changing technology.

Private schools offer a wide range of services to students: testing, counseling, financial assistance, housing assistance, part-time employment opportunities, extracurricular activities, sports, student organizations, graduate job placement assistance, continuing education, refresher courses. The extent of these services varies from institution to institution.

Several of our schools have credit transfer agreements with other public and private institutions - some offer associate degree programs - all students in our schools are eligible (if they meet the requirements) for state and federal financial assistance programs.

MINNESOTA ASSOCIATION OF PRIVATE POSTSECONDARY SCHOOL
MEMBER INSTITUTIONS

BUSINESS SCHOOLS Accredited by the Association of Independent Colleges and Schools

Academy of Accountancy	St. Louis Park
Duluth Business University	Duluth
Globe College of Business	St. Paul
Minnesota School of Business	Minneapolis
Minnesota School of Business	Brooklyn Center
National College*	St. Paul
Rasmussen Business College	Mankato
Rasmussen Business College	Eagan
Rasmussen Business College	Minnetonka
St. Cloud Business College	St. Cloud

* Accredited by North Central Association

TRADE/TECHNICAL SCHOOLS Accredited by the National Association of Trade and Technical Schools

Brown Institute	Minneapolis
Career Development Institute	Richfield
Concorde Career Institute	Minneapolis
Lakeland Medical-Dental Academy	Minneapolis
Medical Institute of Minnesota**	Minneapolis
Minneapolis Drafting School	Crystal
Music Tech***	Minneapolis
Northwest Technical Institute	Eden Prairie
Northwestern Electronics Institute	Columbia Heights
The McConnell School	Minneapolis
Thunderbird Aviation****	Eden Prairie
Twin City Pet Grooming School	Blaine

** Accredited by Accrediting Bureau of Health Education Schools, American Medical Association and American Veterinary Association

*** Accredited by National Association of Schools of Music

**** Approved by the Federal Aviation Administration

COSMETOLOGY SCHOOLS Accredited by the National Accrediting Commission of Cosmetology Arts and Sciences

Horst Education Center	Minneapolis
Maxim's Beauty Academy	Blaine
Model College of Hair Design	St. Cloud
Oliver Thein Beauty School	Apple Valley
Ritter St. Paul Beauty School	St. Paul
Ritter Fergus Falls Beauty School	Fergus Falls
Roffler Hair Design School	St. Paul
St. Cloud Beauty College	St. Cloud

MINNESOTA ASSOCIATION OF PRIVATE POSTSECONDARY SCHOOLS

FACT SHEET

- MAPPS is the association representing private career colleges and schools in Minnesota.
- It represents over 70% of the students attending private institutions where students are eligible for student financial aid in Minnesota.
- Schools must be accredited by one or more national or regional accrediting bodies.
- Most MAPPS schools are licensed and regulated by the Minnesota Department of Education, under Chapter 141. Schools offering associate degrees may also be regulated by the Higher Education Coordinating Board. Cosmetology schools fall under the jurisdiction of the Department of Commerce.
- MAPPS schools contribute to the tax base of the State of Minnesota and have a significant economic impact on the state.
- When the student loan default problem received national attention in the mid-80s, MAPPS initiated a comprehensive default management program. MAPPS has held annual default management seminars since 1988 in a continuing effort to control the problem. That program was so successful that the Higher Education Coordinating Board made specific mention of it and was instrumental in having the public two-year institutions adopt the same management seminar. The results for MAPPS schools have been startling.
- According to the United States Department of Education (Spring 1990) not one MAPPS school has a student loan default rate in excess of 20%. The average for MAPPS schools is 13.2% - less than half the national average for private career colleges and schools.
- The most recent study by the Minnesota Higher Education Coordinating Board shows that private vocational schools have a higher percentage of minority students as a percentage of total enrollment than any other system - 9.6%.
- In the Conclusion of an extensive study of private career institutions by the Higher Education Coordinating Board in 1989, the following statement is made:

> *"Minnesota's private career institutions generally appear to provide responsive and responsible educational opportunities and a choice to Minnesotans. They complement the educational opportunities available through the technical institutes, community colleges, the University of Minnesota-Crookston and the University of Minnesota-Waseca. The state's provisions for oversight of private career institutions and their inclusion in planning and coordination efforts appear to have been effective in preventing the type of abuses by private career institutions that have been identified nationally. Student persistence, job placement, and starting salaries in related program areas appear to be comparable."*

HISTORY OF INCLUSION OF PRIVATE CAREER INSTITUTIONS IN THE STATE SCHOLARSHIP AND GRANT PROGRAMS

From *HECB Report on the Overview of Private Career Institutions Participating in the Minnesota State Scholarship and Grant Program* - 4/10/89.

In 1982, the Minnesota Higher Education Coordinating Board re-examined the state's relationship to private post-secondary education. A staff paper, Public Policy Toward Private Post-Secondary Education in Minnesota, outlined a range of alternative models for the relationship between the state and the private sector of post-secondary education. Based on the report, the Board recommended that:

- A dual system of public and private higher education is essential to the vitality of educational services in the state and that decisions made at the state level should reflect the interests of maintaining and promoting a strong private sector.

- Private post-secondary institutions, as members of the educational community, participate fully in the polices and procedures that are developed by the state and its agencies to plan for and coordinate Minnesota post-secondary education.

- The state's student financial aid system fully recognizes the difference in tuition and other changes that exist among the various post-secondary institutions in the state so that the financial aid system promotes an equal opportunity for Minnesota students to pursue the public or private education that best meets their needs.

The stated goal is that Minnesota should support a diverse educational system in which systems and institutions possess different and educationally distinctive missions and settings. The state's current position is to support financial aid to students as the principal source of public support for private post-secondary education.

The Minnesota State Scholarship Program was authorized in 1967, and the Grant Program was authorized in 1969. Students enrolled in private four-year post-secondary institutions have been eligible to participate in these programs from their inception.

Following extensive discussion in 1974 and 1975, the then Minnesota Higher Education Coordinating Commission recommended, and Governor Wendell Anderson in his 1975 budget proposed, the extension of eligibility in the programs to Minnesota students enrolled in private career institutions. The 1975 Legislature amended the statute allowing students enrolled in private career institutions to participate in the State Scholarship and Grant Programs.

Among the reasons cited for including students enrolled in private career institutions into the programs were:

- the promotion of greater access to post-secondary education because the technical institutes were not able to accommodate demand due to lack of space;
- the promotion of greater freedom of student choice;
- the programs offered by private career institutions were regulated by state and federal agencies;
- the students enrolled in accredited private career institutions were eligible for federal student financial aid programs;
- the students enrolled in proprietary institutions were already eligible for the Minnesota State Student Loan Program and the Veteran's Dependents Assistance Program;
- federal funds allocated to the Scholarship and Grants Programs by the State Student Incentive Grant Program were based on post-secondary enrollment totals that included students in private career institutions - while these same students were actually excluded from participation in the program;
- a number of other states with need-based grant programs included students enrolled in private post-secondary career institutions as eligible to participate in such programs.

UNITED STATES DEPARTMENT OF EDUCATION

DEFAULT RATES - APRIL 1990

MAPPS MEMBER SCHOOLS

Business Schools

Academy of Accountancy	9.6
Duluth Business University	11.9
Globe College of Business	17.1
Minnesota School of Business	15.8
Rasmussen Business College - Mankato	6.8
Rasmussen Business College - Minnetonka	7.6
Rasmussen Business College - Eagan	9.4
St. Cloud Business College	6.9

Technical Schools

Brown Institute	13.3
Career Development Institute	19.6
Concorde Career Institute	16.6
Lakeland Medical-Dental Academy	18.9
Medical Institute of Minnesota	16.1
Minneapolis Drafting School	14.1
Northwest Technical Institute	2.2
Northwestern Electronics Institute	5.8
The McConnell School	5.6

Cosmetology Schools

Horst Education Center	9.3
Maxim's Beauty Academy	0.0
Model College of Hair Design	6.0
St. Cloud Beauty	12.3

NOTE: List excludes MAPPS schools new to the program so they had no rate at the time of this report (three schools); are part of national corporations (two schools); and schools with a total of seven borrowers in default (two schools).

Nineteen of the 21 schools reported above had a decrease in their default rate from 1987 to 1988 (the last year reported). This was due largely to the MAPPS default management initiative started in 1987. The public two-year institutions adopted that same program at the urging of HECB.

STATEMENT OF PHILLIP MILLER

PRESIDENT, MEDICAL INSTITUTE OF MINNESOTA

FORMER PRESIDENT, MINNESOTA ASSOCIATION OF PRIVATE POSTSECONDARY SCHOOLS

****

TITLE IV OF THE HIGHER EDUCATION ACT

****

For inclusion in the Hearing Record

Senator Paul Wellstone

May 3, 1991

I believe there are as many ideas and proposals for changes to the Higher Education Act as there are members of Congress - far too many proposals to discuss in one session. I would like, therefore, to propose three basic themes, which I believe provide a framework for consideration of the many competing proposals now under discussion.

THEME ONE: INCLUSION AND PARTICIPATION

In Minnesota, we are fortunate to share a solid, equal relationship with other members of the higher education community. We respect that relationship and we cherish it, because we know that through working together everybody prospers.

If student loan management and reduction of defaults are priority items in the reauthorization process, then our experience in Minnesota has much to offer to this discussion.

The kinds of student loan default problems which have received so much attention in other states are almost nonexistent in Minnesota, and I believe that our traditions of inclusion and participation are key reasons for this success.

Many of our counterparts in other states experience a level of discrimination which has appropriately been described as "education apartheid." Their students are cut off from state grant assistance, and the schools are forced to operate under punitive rules designed to create duress.

Quite frankly, those states are just asking for loan default problems, and they've got them. Minnesota has consistently taken a different path, a path of inclusion and participation. As a result, we have been able to address the loan default issue very successfully. I believe that is

the mode which should be established at the Federal level.

Beyond the issue of loan management and default, study after study today documents the growing education crisis in our country. We are failing to prepare our students for the work opportunities of the 1990s.

According to the Bureau of Labor Statistics, 60% of all new jobs during the 1990s will require technical level training, between high school and a baccalaureate degree. Each year the disparity between available jobs and qualified workers grows. And each year the ability of public institutions to address these needs is constrained further by chronic budgetary limitations.

The public sector, unilaterally, cannot solve this entire problem. If we are going to train workers for the jobs of tomorrow, we must find a way to utilize the private sector much more effectively in the future than we have in the past.

THEME TWO: ACCURATE ANALYSIS

Recently the GAO strongly criticized the lack of quality data regarding Title IV student loan programs. I believe this is one of the most serious problems we face. We have been unable to satisfactorily address the issue of student loan defaults because we do not understand the nature of the problem.

Private school mismanagement is the popular misconception in Washington today. There certainly are a few private schools that have mismanaged student loan programs. But there is no evidence whatsoever that they represent the primary problem with defaults.

I believe that private school mismanagement accounts for less than 3% of the default dollar. In contrast, I believe there is a very strong correlation between defaults and disadvantaged students, at every educational institution.

I believe that President Bush recognized this need, and recognized that disadvantaged students are overly dependent on loans, when he proposed a substantial increase in Pell Grant funding. That is an excellent proposal which I hope everyone will support.

Accurate, timely facts and data should be a priority in the reauthorization process. It is my hope that, as part of the reauthorization process, USDOE will bring together an advisory committee to review data analysis needs for Title IV programs, and to reach consensus on the best possible formulas to calculate default rates.

THEME THREE: PROGRAM SIMPLIFICATION

Administration of Title IV financial aid is extremely complicated, without purpose. It forced educational institutions to employ large staffs to handle bureaucratic "red tape" which provides no additional service to students. And it contributes directly to the rising costs of post-secondary education.

There are some excellent proposals from organizations such as the National Association of Student Financial Aid Administrators regarding program simplification, and I am pleased to support them in their efforts.

There is no question that the choices facing the Congress today are very difficult ones. You are forced to choose courses of action which will not be popular. Speaker after speaker will demonstrate why more money is needed for student financial aid, and yet there is no more money, and so we must do a better job with what we have.

In this context, I believe we must seriously consider pro-rata refunds, even though pro-rata refunds are not very popular in the education community. There are two imperatives we cannot ignore: first we must reduce the cost of defaults, and second, we must insure that Federal Title IV funding goes to students who are actually pursuing a post-secondary education.

Pro-rata refunds would accomplish both of these objectives. There are several very legitimate objections to pro-rata refunds, but I believe they are, on balance, more fair to students and schools than any of the other, potentially burdensome, alternatives.

RECOMMENDATIONS FOR THE
REAUTHORIZATION OF THE HIGHER EDUCATION ACT

submitted by
Association of Independent Colleges and Schools
National Association of Trade and Technical Schools

THE NATIONAL POSTSECONDARY EDUCATION AND TRAINING ACT

Statement of Purpose

To ensure that our Nation's workforce is competitive and will meet the demands of an international marketplace in the year 2000 and beyond, Congress must address the following issues during the reauthorization of the Higher Education Act in the 102nd Congress: 1) ensure access and choice through equitable treatment of students desiring various program offerings; 2) restore confidence and integrity in student aid programs through accountability; and 3) improve the effectiveness of the student aid delivery system through simplification, clarification, and predictability.

Student aid will continue to play a critical role in preparing people for tomorrow's workforce. Our nation faces the challenge of upgrading labor force skills at a time when more young people are growing up in poverty and unskilled minorities, women, and immigrants make up an ever-increasing portion of the workforce. The success of our nation in the future depends on our ability to help the people needing training through the education system and into meaningful jobs. At the same time, we need to retrain displaced workers so they can continue to contribute to the economy. American society will not be competitive unless it has an educated workforce that can function economically and understand the basis of our society.

Student Aid Program Modifications

I. General Program Principles

The basic principles of the existing system should be retained, but the number of programs should be reduced so that there would be only one federal guaranteed student loan program, one grant program, one work-study program, and a single, discretionary campus-based program to provide assistance to students through institutions. These programs together should be sufficient to cover an eligible student's educational costs.

Need should be the primary basis for all federal student aid. The allocation of federal assistance should be based on the student and family financial condition.

Each eligible student should have access to a specific and predictable amount of student aid each year. This proposal provides for students enrolled in a program of one academic year or more to receive $12,000 from federal sources in the student's first year, $13,000 in the second year, $14,000 in the third year, and $15,000 for the fourth year and beyond. These maximums would be increased on an annual basis to reflect prior year increases in the consumer price index (CPI). This federal maximum does not limit institutions from covering students' needs beyond the maximum. The student aid package could include a combination of grant, work-study, campus-based assistance, and loan assistance.

A student from the lowest-income background just beginning a postsecondary education would receive an aid package heavily weighted with grant assistance and work-study opportunities. As the student progressed, loan assistance would increase to replace a decline in grant assistance.

II. PELL GRANTS

A. Convert the Pell Grant program to an entitlement.

The creation of a Pell entitlement would provide students with a predictable grant to use in funding an individual's education. Such predictability would offer parents and students the opportunity to plan for education expenses earlier in the student's academic career. This would perhaps inspire students, especially disadvantaged students, to obtain a high school diploma or equivalent with the knowledge that financing for a postsecondary educational program was available to assist them to attend the institution of their choice.

B. Allocate the Pell Grant award based on financial need and the length of the academic program.

The neediest students would have access to grant assistance during the first portion of their academic program. The grant assistance would then be replaced by loan assistance in the second portion of the students' academic program. The proportion of loans for students with larger financial resources would be greater in the first portion of their program.

C. Increase the Pell Grant maximum for the neediest students in their first year to $5,000.

To ensure that grant assistance could cover a significant portion of educational costs, the maximum Pell Grant would be increased over the current maximums to restore the original purchasing power of the grant. The grant award would be adjusted downward as the student progressed through an academic program.

D. In order to serve more middle-income students, maintain the minimum Pell Grant award at $200.

E. Permit use of Pell Grant assistance for General Educational Development (GED) certificate training, up to a limit of $1,500 for tuition and fees, if the student is also enrolled in a postsecondary program leading to a degree, diploma, or certificate.

III. CAMPUS-BASED PROGRAMS

Reallocate the $1.27 billion in federal funding that supports the current campus-based system, the $64 million in the SSIG program and the $860 million in the Perkins Loan revolving funds to provide additional grant aid, discretionary campus-based funding, special support services for disadvantaged students, and funds for an enhanced work-study program.

A. Perkins Campus-based (PCB) Program

1) Establish a new program which allocates funds to institutions to be used for grants, loans, or work-study. A significant portion of the funding for this program would come from the current campus-based programs plus SSIG.

2) Institutions currently holding Perkins Loan revolving funds would be required to transfer these funds into the Perkins campus-based program.

3) The appropriations level for the Perkins campus-based program will be equal to 4 percent of the Pell Grant program appropriations.

4) The annual institutional allocation would be based on the number of Pell recipients in the prior year.

5) Institutions must provide a 10 percent match of the first year, 20 percent in the second year and 30 percent in the third year and beyond before the institution is permitted to draw down the Perkins campus-based funds.

6) The institution would determine the use of the funds (grant, loan, work-study). All aid could not exceed the cost of attendance or the maximum aid

eligibility, whichever is less.

B. College Work-Study (sec. 441)

The work-study program is the only Title IV program that can contribute to a student's educational program while providing financial assistance. Many students have successfully used part-time employment as a means of defraying educational costs and gaining valuable employment experience. Studies have shown that participation in work-study programs actually increases student retention.

1) Retain the general structure of the College Work-Study program, including the ability of a student or an institution to choose to participate in this program.

2) Eliminate current conditional guarantees and allocate federal contributions based on cumulative institutional need as reflected by the number and type of Pell Grant recipients.

3) Maintain current institutional matching requirements at 30 percent for on-campus employment and off-campus, non-profit employment, the employer match at 50 percent for off-campus, for-profit employment, and 10 percent for community service-related employment.

4) Reinstate the requirement that any employment offered to a student will, to the maximum extent practicable, complement and reinforce the educational goals of the student's academic program.

5) Permit students, regardless of the type of institution they attend, to participate in off-campus educationally relevant work-study jobs and community service-related activities.

C. Supplemental Educational Opportunity Grants (SEOG) (sec. 413)

1) Eliminate the SEOG program and transfer future SEOG funds into the Pell Grant program, the Perkins campus-based discretionary fund and other student assistance programs.

Given that the law currently requires that SEOG recipients be "exceptionally needy," it appears redundant

to duplicate the objectives of the expanded Pell Grant program with an institutionally-based grant program. Large economies of scale would result from the elimination of the SEOG program.

D. Perkins Loans (sec. 461)

1) Eliminate the Perkins Loan program, retain the corpus of the capital in the revolving funds in the Perkins Campus-based program.

Loans made under the existing Perkins program could be delivered through the proposed private capital Stafford Loan program since the Stafford Loan program loan maximums will be modified significantly. These low interest loans, administered by the institution, have served an important role but have long since been eclipsed by the Stafford Loan program.

IV. GRANTS TO STATES FOR STATE STUDENT INCENTIVES (SSIG) (SEC. 415)

A. Eliminate the SSIG program and transfer future SSIG funds into the enhanced Pell Grant and other student assistance programs.

The SSIG program was designed originally to stimulate states to provide additional funding for higher education and, in many instances, proved effective in encouraging state support which will continue to operate without federal funds.

V. LOANS

The current loan programs are too complex and do not assure access for all students. Also, the in-school and grace period subsidies provided in the Stafford program generally are not targeted to low-income students. The largest cost of the Stafford program currently is the in-school and grace period subsidy provided to the student. The longer the student stays in school, the greater the subsidy paid by the government. The savings found from reducing student subsidies would be transferred to the Pell Grant program in its new form -- an entitlement program.

A. Structure and Subsidies

Assuming the current general structure of the loan delivery system remains the same or similar, then the following recommendations would significantly simplify that system.

1) Permit borrowing equal to the borrower's maximum federal aid eligibility minus the sum of the Pell Grant award and the Work-Study and the Perkins Campus-based award as long as this amount does not exceed the loan limit for that student's year in school.

2) Eliminate the current Stafford Loan in-school/grace period subsidies and special allowance payments, and transfer the savings to the Pell Grant entitlement program.

B. Eligibility, Terms and Conditions

The current loan program establishes risk for all parties in the program -- the lenders have collection, due diligence and administrative risk; the guaranty agencies have reduced reinsurance risk; and institutions and students have the risk of loss of loan access. If the current risk-sharing allocation were modified to substantially increase risk, especially for the private sector participants, the current program would likely cease to operate because of the lack of access to private capital.

Under the current system, the financial markets determine which students should have access to student loans. There is no doubt that the costs of making a small balance loan to a student in a short-term program are greater for a lender, servicer and a guaranty agency than loans made to students attending four-year programs at traditional institutions. It is clear that the program needs to be restructured to make the social goals compatible with the needs of the financial markets.

1) All students enrolled in programs of one year or more would be eligible to receive a Stafford Loan to the extent it did not exceed cost of attendance or $12,000 (or higher depending on the year of attendance) minus the student's Pell Grant award, whichever is less.

For students enrolled in programs of less than one academic year, loan maximums would be modified as follows:

a. Programs of less than 600 hours or equivalent and greater than 300 hours or the equivalent, the loan maximum would be $6000.

b. Programs greater than 600 hours or the equivalent and less than 900 hours or the equivalent, the loan maximum would be $7500.

2) Modify the interest rate paid to lenders by borrowers to be:

a. For the in-school period, Treasury-bill (T-bill) plus 3.5 percent for borrowers enrolled in programs of 2 years or less and T-bill plus 3.25 percent for all other borrowers;

b. For the repayment period, T-bill plus 3.5 percent for borrowers with loan balances of $10,000 or less and T-bill plus 3.25 percent for all other borrowers.

3) Accrue and capitalize all in-school and grace period interest.

4) Provide cash flow for lenders or holders through the warehousing of loans with Sallie Mae and other secondary markets, special borrowing from the federal government, or the sale of loan-backed securities. (Student loans would be excluded in the calculations of federal margin requirements.)

5) Maintain the current statutory deferments (sec. 427(a)), especially those related to parental leave, unemployment and mothers with preschool-age children.

6) Mandate a common deferment form.

7) Permit borrowers and married students to consolidate loans, regardless of the size of the loan.

8) Permit all loans to be repaid on a graduated repayment plan, the length of which would be the same as under normal repayment plans: e.g., 10 years.

9) Establish loan repayment periods of up to 10 years with a minimum monthly payment of $50 or the monthly interest accrued, whichever is greater.

10) Eliminate the Income Contingent Program.

C. Access

In spite of the many statutory provisions intended to ensure loan access for all students regardless of the type of institution they attend, many students face great difficulty and delays in obtaining a student loan or cannot get a loan at all.

1) Expand the non-discrimination provision for creditors to prohibit discrimination based on the type of institution, tax status, or length of the program in which the student is enrolled (sec. 421).

2) Develop a lender-of-last-resort program as a part of the designated state guarantor program participation agreement.

   (a) Require that any loans made under a lender-of-last-resort program be disbursed 30 days after the application is submitted by the institution (sec. 428).

   (b) In the event that more than 10 borrowers attending the same institution are forced to use lender-of-last-resort services, the institution will be certified as an institution in need of lender-of-last-resort services, and, as a result, borrowers would not be required to seek "denials" from lenders, and the institution may act on behalf of the students.

   (c) Require all lenders making loans within a state to participate in the lender-of-last-resort program, if requested by the designated guaranty agency, in a percentage equal to 0.8 x the percentage of student loans they make in that state.

3) Require the development of a common student loan application form.

4) Fair and equitable default rates should be calculated using accurate data for all participants in the Guaranteed Student Loan programs.

5) Net loan default volume, after <u>all</u> collections are made, should be used as the basis for institutional eligibility and limit, suspend and terminate (LS&T) actions.

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D. Default Prevention

The 1986 Reauthorization legislation, the 1987 SLS legislation, and the 1989 and 1990 reconciliation legislation all contain provisions which, over time, will reduce the cohort default rate. In addition, many schools have implemented innovative default management plans that have already proven to be successful in reducing defaults. It is important that time be given to institutions and other parties in the loan process to incorporate these changes and evaluate their effectiveness:

1) Require lenders to report delinquent loans to credit bureaus at 90 days of delinquency.

2) Authorize lenders and servicers to place borrowers in deferment status based on information provided by borrowers in order to prevent technical default. If the borrower is subsequently found to be ineligible for a requested deferment, the borrower shall be returned to repayment status and the incorrectly deferred principal payments and interest shall be capitalized.

3) Limit the aggregate borrowing of a student in a calendar year to the total aggregate dollar amount for which the student is eligible.

4) Require the state guaranty agencies to use skip tracing tools to trace defaulters, if necessary, by limited federal preempting of state laws which would prohibit access to such records. Available records would include motor vehicle department records, state tax, labor, employment registers, unemployment commissions, licensing bodies and welfare offices.

5) Require guaranty agencies to periodically provide institutions with lists of defaulted borrowers so that institutions have the opportunity to provide additional information that could help locate the student.

6) Require the collection of additional information on borrowers, including family personal references and driver's license numbers, at the time of the application for the loan and update such information, if necessary, at the exit interview.

7) Authorize institutions to withhold the academic transcripts of borrowers who default on any Title IV loan. Pre-empt state law where necessary.

8) Require lenders and servicers to notify the institution of the first past due listing (60 days) and the final demand letter.

9) Require guaranty agencies to provide delinquency lists to institutions and permit institutions to comment on the accuracy of the lists prior to claims being filed by the guaranty agency.

10) Create an incentive for employers to repay student loans on behalf of their employees.

11) Provide up to $25 million from collections on defaulted loans to fund Department of Education default activities and fund at $5 million the training section of the Higher Education Act.

12) Establish in law the criteria upon which the Secretarial waiver may be granted for the loss of eligibility based on default triggers, to include low-income students, positive outcomes, measures (completion and placement rates), economic and employment conditions, and a decline in the institution's cohort default rate experience or the evidence that a high default rate is the result of the inadequate servicing of loans.

E. Management and Collection

1) Require the guaranty agency to remit collections owed to the Department of Education within 30 days of the receipt of funds by the agency.

2) Require all guaranty agencies and lenders/holders to report data based on standardized definitions and forms.

3) Require that any limitation, suspension and termination (LS&T) action taken against an institution be based on non-discriminatory standards, including prohibitions against LS&T actions based on type, control, tax status, or accreditation of the institution.

4) Permit institutions to purchase supplemental collection services from lenders, guaranty agencies, secondary markets, or servicers. Fees for such services should be based on administrative costs of such services.

5) Permit the charging of a higher insurance fee (up to 5 percent) for those loans which are funded through a lender-of-last-resort program. However, the rate charged must be experience-based and not

reflect the type, control, or tax status of the institution.

6) Eliminate the current system of due diligence procedures and develop performance-based criteria and positive incentives for default prevention and loan collection.

7) Develop standards to require that guaranty agencies operate on an actuarially sound basis and develop procedures to assist the Department of Education in identifying potentially insolvent guaranty agencies.

8) Require the Department of Education to develop a specific plan of action to be taken in the event that a guaranty agency is unable to continue to operate and mandate that such a plan will be implemented within 15 days of notice of a guaranty agency's inability to operate.

9) Provide special incentives to guaranty agencies to serve high-risk student populations by modifying the current method of calculating federal reinsurance payments.

F. Information, Collection and Use

1) Expedite the development of the Student Loan Data Bank.

2) Permit institutions to have access to these data.

G. Parent Loans for Undergraduate Students (PLUS)

1) Require all PLUS loans to be co-payable to the parent and the institution.

2) Require multiple disbursement of PLUS loans.

3) Increase PLUS loan limits to $20,000 per year with the aggregate maximum of $100,000.

VI. EDUCATIONAL SUPPORT SERVICES

Student Support Services

In the case of many disadvantaged students, success in an educational program means far more than simply paying one's tuition bill and attending classes. It means dealing with many complexities in life that are not

experienced by traditional college students. Studies in student retention indicate that most disadvantaged students fail to succeed in an educational program for reasons other than financial. Because such a large portion of our workforce in the year 2000 will be drawn from this growing segment of our population, it is essential that our postsecondary education system begins to recognize and address the special needs of these students.

Drawing on the success of the TRIO programs, we believe that significant support services need to be offered to students as an important component of the student aid programs.

The "Educational Support Services" program would provide direct grant assistance to institutions serving a significant number of students receiving other forms of federal assistance or which have a significant number of Pell Grant recipients. This program would be authorized at $300 million. Funds would be allocated to institutions with over 25 "0" Pell Index (PI) eligible students at the rate of $200 per "0" PI students. Reasonable institutional minimum and maximum award awards would be determined based on the amount appropriated in a given fiscal year.

With the funds made available under this program, institutions would provide students or prospective students with the following support services:

1) remediation

2) instruction in life skills and study skills

3) personal counseling

4) peer counseling

5) academic advice and assistance in program choice

6) tutorial services

7) assistance in obtaining support from other need based non-Title IV federal assistance programs and community support services

8) assistance in applying for student financial aid

9) assistance in identifying other student services made available by the institution

10) placement assistance

11) outreach activities to provide educational guidance and early student aid diagnostics to pre-postsecondary students and their families

12) other services as deemed appropriate by the Secretary

VII. NEEDS ANALYSIS

By converting the existing Pell Grant program to an entitlement, it will be possible to create a single system of needs analysis.

Establishes a single system of needs analysis in the statute which will identify the maximum grant award under the Pell Grant entitlement program.

A. Provides a single application form based on a student's condition:

Provides that students who are currently dependent on other forms of need-based non-Title IV federal assistance to be eligible automatically.

Provides a simplified needs analysis for families with incomes below $15,000 adjusted gross income (AGI) who are not eligible for other forms of need-based non-Title IV federal assistance.

Provides standard needs analysis for incomes above $15,000.

B. Add "married undergraduates" and "graduate/professional" to the automatic criteria under the independent student definition.

C. Permits students who are once determined to be "independent" by the independent student definition to remain independent without having to demonstrate repeatedly their independence.

D. Permits over-awards of grant/loan/work-study assistance of up to $500.

E. Restores the ability of a student aid administrator to use discretion to assist students with special circumstances. Eliminates from the needs analysis formula the special treatment for dislocated workers and displaced homemakers.

F. Uses "estimated" year income for entering independent freshmen and entering graduate students.

G. Eliminates parents from the "number in college" adjustment for the parental contribution.

H. Treats all veterans benefits as a resource in determining aid eligibility.

I. Eliminates "double-counting" of dependent student earnings.

J. Reduces the current dependent student contribution to reflect more accurately student capacity to contribute to a financial aid package.

K. Mandates the inclusion of day care costs for independent students with dependents in the student aid budget.

L. Prohibits charging of fees to parents or students to apply for federal student assistance.

M. Simplifies the re-application process for students and parents who must reapply for student assistance each year.

VIII. RULEMAKING

Under the current Higher Education Act, the Department of Education is required to provide the higher education community with guidance on how to implement changes in law within 240 days of new measures being signed by the President. However, due to the number of changes made and the complexity of the student aid programs, the Department of Education has fallen behind by as much as six years in providing final regulations to implement programmatic changes.

Due to the Department of Education's inability to promulgate regulations in the time prescribed, officials at the Department have begun to use more informal means of communicating Department policies such as "Dear Colleague" letters on a specific matter. While "Dear Colleague" letters are distributed widely, the community has no opportunity to provide comments on the policy put forth until the letter is shared with the community, if it is shared at all.

We propose that the following changes be made to enhance rulemaking, policy distribution and compliance in the student aid programs:

A. Require that the Department of Education submit all draft regulations to a negotiated rulemaking process which includes representatives from all the major participants in the program for which the policy is being developed. Such a process would invite a representative group from current participants who ultimately would be responsible

for implementing the regulations.

B. Require final regulations to have an effective date that provides program participants with sufficient opportunity to implement the new policies.

C. Require that any regulatory changes initiated by the Secretary that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after the December 1 date.

D. Shield program participants from liability for violations of policies which have not been distributed in writing to such participants.

IX. PILOT PROGRAMS

A. Extend the time period for filing default claims. Currently, delinquent Guaranteed Student Loans must be filed with the guaranty agency as a default claim within 270 days of delinquency. Studies completed by the Massachusetts Higher Education Assistance Corporation show that one third of all defaulters begin repayment on the loan within six months of default. By extending the period of time before the loan is filed as a claim, many defaults could be avoided. Since the student will begin repayment before the federal government pays the guaranty agency for the defaulted claim, some savings should be found. The savings will significantly exceed additional special allowance costs paid on loans during the extended period.

B. Develop a series of performance-based standards to measure equitably the performance of institutions in different areas. Institutions that met or exceeded the performance standards could be rewarded with regulatory relief from certain regulations or could receive additional funding to support a certain activity.

C. Develop a "grant-back" program. One year after graduation or drop-out from the program, and for each year thereafter, the borrower could apply to the Department of Education for a grant-back of interest charges. This grant would be based on the income level of the borrower during the repayment period, unlike the interest rate charged which is based on the income level at the time of the borrowing. The borrower would submit to the Department (or its designated processor) his/her most recent income tax return. Based on the documented income level and the amount of principal borrowed, the Department would calculate and remit to the borrower a grant to pay for interest. (Example: The maximum grant-

back would be $50 for every $1,000 borrowed. Borrowers with no income would receive the full $50 per $1,000 and borrowers with an income of $50,000 or above would receive no grant-back. For each $1,000 of income, the grant would be reduced by $1. So, a borrower with an income of $35,000 would receive $15 per $100 borrowed.) This grant-back would not be available to borrowers who are not current on their loan payments or who are in deferral status.

I. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

Amend Section 491 of the Higher Education Act to require that the membership of the Advisory Committee on Student Financial Assistance include representatives from all aspects of Title IV program participants, including representatives from the private career school sector.

II. REFORMS THROUGH ACCOUNTABILITY TO STRENGTHEN THE PUBLIC'S CONFIDENCE IN THE INTEGRITY OF THE FEDERAL STUDENT AID PROGRAMS AND THE QUALITY OF POSTSECONDARY EDUCATION

Recasting the federal student financial assistance programs will not progress without the public's confidence in the integrity of the federal programs and the quality of postsecondary education. To address these concerns we have made accountability reform an integral part of the AICS/NATTS reauthorization package.

It would be folly to promise that fraud, abuse, and error will never occur--these are integral parts of the human condition. We can and must, however, promise the American taxpayers that a system of oversight will be in place to monitor the participants and the programs, and when problems occur they will be quickly identified and resolved.

Historically, three groups have been responsible for the oversight of postsecondary educational institutions and the federal student financial aid programs. Policymakers regularly misunderstand the respective roles of these three parties: the states, accrediting bodies, and the Federal government. The concept of a "TRIAD" oversight of private career colleges and schools (and of all postsecondary institutions, for that matter) has existed for many years. The TRIAD evolves from the distinct roles assigned to and accepted by the Federal government, respective state governments, and accrediting bodies. Misunderstanding arises because of the lack of general knowledge about or acceptance by critics of the powers and limitations inherent in the authority of these three entities.

The TRIAD concept of supervision presupposes the following respective roles:

1. State - authorize operation and monitor business practices and consumer information for protection of the public, primarily students;

2. Accreditation - evaluate and, through the peer process, help institutions and programs enhance the quality of education provided to students and meet the occupational needs of the marketplace; and

3. Federal - determine eligibility and monitor institutional administration of federal student aid.

Colleges and schools, in order to operate, must have authority from the appropriate state licensing body. In many states there are two or more such bodies - one for non-degree granting institutions and another for institutions awarding degrees. Yet a third body, the veterans approval agency, exists in each state, though this responsibility may be included in one of the other two bodies. State licensing, particularly of non-degree granting schools, is designed for the protection of the public in areas of business practices and consumer interests.

Accreditation was designed as a collegial process to evaluate the educational efficacy of an institution and to help an institution improve its offerings on a continuous basis through planning and dialogue with peers. Technically, this role is one of education, and judging educational quality. The accrediting bodies indirectly monitor consumer protection and the administration of student financial assistance, but have never had, nor should they have, the primary responsibility for these areas of concern.

The role of the Federal government is set forth in law and technically administered through regulation. In this issue, the role of the Federal government is to determine independently if an institution is eligible and capable of participation in the federal student financial aid programs; to oversee the institutional administration of these federal programs; and, where appropriate, limit, suspend, or terminate an institution's participation in the federal student aid programs. The Federal government has the inherent, if not sole, responsibility for monitoring the administration of federal student financial aid programs. The law prevents federal intervention in an institution's curriculum. Both the General Education Provisions Act and the Department of Education Organization Act have specific statutory prohibitions.

The law does permit examination by the Federal government of accrediting bodies that are responsible for evaluating the curricula -- a function the Department of Education has carried out since about 1950.

Of the three roles, only accreditation is voluntary; the other two rely on legislation and regulation from which there is no reprieve. Even so, for the triad to function as intended, each of the three components must rely on adequate performance of the other two. Each has a right to expect the other two to meet their legislated or recognized responsibilities and no more. Assumption by or delegation of additional responsibilities to any of the three will throw the entire oversight system out of balance.

Currently, that balance is seriously threatened. Misperceptions abound, both internally among the three principals and externally among those who legislate, recognize, and regulate particularly the activities of private career schools and colleges.

Such misconceptions result in inappropriate expectations of the partners in the TRIAD. The TRIAD concept is sound, and if allowed to work as intended, will provide appropriate oversight, sound stewardship of taxpayers' funds, and ensure that only institutions providing students with quality educational opportunities are eligible to participate in the student aid programs.

REFORM

The current operation of the TRIAD would be strengthened significantly if the following reforms were adopted:

I. Clarify roles and responsibilities of members of the TRIAD.

II. Develop a system of standards by which all members of the TRIAD can be evaluated.

III. Increase communication through the sharing of additional information among all members of the TRIAD and, where appropriate, loan guaranty agencies.

RECOMMENDATIONS TO STRENGTHEN THE ROLE OF THE STATES

I. Clarify the State Role

The State Role: to authorize operation and to monitor business practices and consumer information for the protection of the public, and primarily students.

Create a new authorization in the Higher Education Act to provide federal funds to assist States in the oversight, investigation and determination of compliance of all types of postsecondary institutions with applicable state laws and in Title IV of the Act. In order to qualify for these federal funds, each state must have in place laws or policies which meet federal standards, and sign an assurance with the Federal government that its state licensing and monitoring capacity is sufficient as a prerequisite for institutional eligibility and participation in the Federal Title IV programs.

II. System of Standards

Require each State, as a prerequisite of eligibility to receive federal funds for state administration, investigation and compliance activities undertaken as a result of the new authorization under the Higher Education Act, to meet the following standards:

1) Have in place a consumer protection policy/program which meets standards established by the Secretary;

2) Establish or have in place a due process procedure under state law or regulation relative to the withdrawal or failure to renew a license to operate within a state;

3) Provide a process for the investigation (within 90 working days) and resolution of student complaints deferred by the Department of Education (ED), the ED Inspector General, or referred by the State Attorney General, or made by any aggrieved student or recognized accrediting agency;

4) Enact or have in place procedures/requirements which protect student consumers in case of school closure; e.g., a system of student record retention, a provision for the "teach-out" of students, and/or a tuition recovery fund which meet regulatory criteria established by the Secretary:

(a) ensure student academic and financial records are adequately protected, maintained, and made accessible when an institution closes;

(b) coordinate the teach-out of affected students with the institutions in the state when an institution closes; and

(c) establish or have in place a tuition recovery fund which protects students against loss, should students be unable to complete their academic program due to the closure of an institution.

5) Ensure that each institution has in place a "fair and equitable" student refund policy;

6) Ensure lender of last resort capability through the designated state guaranty agency or other appropriate state entity; and

7) Require each state designated agency or official responsible for coordinating enforcement with respect to all requirements affecting institutional eligibility to share appropriate information regarding eligibility of institutions in the state with the appropriate member of the TRIAD.

III. Increase Communication

1) Require each state to submit periodically to the Department of Education a plan which details how the state will comply with the requirements in paragraph 1 through 7 above.

2) Require each state to report to the regional or national accrediting body and to the Department of Education within 45 working days (a) any negative action affecting the license of any institution to operate, including denial, suspension, or termination of authority to operate, and (b) the final results of any on-site review of the institution.

RECOMMENDATIONS TO STRENGTHEN THE ROLES OF ACCREDITING AGENCIES

I. Clarify the Role

The Accreditation Role: Evaluate, through the peer review process, institutions and programs and provide technical assistance to those institutions to enhance the quality of education provided to students and to meet the occupational needs of the marketplace.

II. System of Standards

1) Require all recognized accrediting agencies to:

(a) Provide for external participation in the decision-making of the accrediting agency by having at least 25 percent of the members of the Commission of the agency be representatives of the public (have no affiliation with any institution accredited by or seeking accreditation from the agency);

(b) Demonstrate sufficient experience with:

(i) geographical scope of activity for which it seeks recognition, and

(ii) the specific degrees, certificates, and programs which would be covered by its accreditation activities;

(c) Maintain and make publicly available current written material describing its purposes and objectives, the geographic area and academic levels of educational institutions and programs covered, the definition of each type of accreditation status the agency grants, the criteria, standards and procedures used, appeals procedures, complaints procedures, the current accreditation status of each institution or program and the date of the next review, and the names and backgrounds of the agency's members and principal staff;

(d) Have sufficient financial, personnel and administrative resources;

(e) Adhere to practices and procedures which include self-analysis by an on-site peer evaluation of each institution or program;

(f) Focus on institutional effectiveness through the use of outcomes measures, such as completion, job and professional/graduate school placement rates, certification, licensing and graduation test scores, employer evaluations, transfer rates and other recognized measures;

(g) Disclose adequately and accurately information regarding the institution's or program's accreditation status and effectiveness; and

(h) Recognize, in making its decisions, the

decisions of states and other accrediting agencies.

2) Permit accrediting agencies to require, as a condition of accreditation, member institutions to agree to submit any dispute -- involving withdrawal of accreditation, denial of reaffirmation of accreditation, and/or removal from membership -- to binding arbitration as an alternative to litigation. Except for constitutional reasons, the only grounds for an arbitrator to overturn an accrediting commission decision is failure for the accrediting commission to apply the established standards fairly.

3) Permit accrediting agencies to require, as a condition of accreditation, that all lawsuits against accrediting agencies involving denial, revocation, or failure to renew accreditation be filed in United States District Court. The grounds on which accrediting bodies can be sued for damages should be limited to violations of federal anti-trust and anti-discrimination laws. Decisions of the accrediting agency arbitrator should be enjoined or reversed only if the due process rights of the institution are violated, or the final action taken by the (accrediting body) arbitrator is deemed to be arbitrary, capricious or contrary to law.

4) Require each accrediting agency to determine that the program length is appropriate to the subject matter taught, the course objective, the degree or credential offered, and the clock or credit hour allocation for the lecture, laboratory, and/or externship are appropriate, and to describe during are the recognition process how each of the program standards are established and applied.

5) Require any recognized accrediting body approved by the Secretary to:

   (a) Require its member institutions to submit to the agency, as part of their application to establish a branch, an educational plan or comparable document as defined by the accrediting agency; and

   (b) Visit within one year any institution which has established a new branch campus or undergone a change of ownership in order to assess the new owner's compliance with the accrediting body's standards.

6) Require that accrediting bodies periodically monitor outcomes and financial stability. From time to time, accrediting bodies should independently assess the accuracy of self-reported data.

III. Increase Communication

Require each accrediting agency to: (a) report any final negative action affecting the accreditation of an institution, including denial, suspension, or termination, and (b) provide access upon request to the final results -- including the institution's comments/reactions -- of any on-site review of the institution to the appropriate state licensing agency and to the U.S. Department of Education. In cases of ongoing investigations where dual accreditation exists, notify the other accrediting body.

RECOMMENDATIONS TO STRENGTHEN THE ROLE OF THE U.S. DEPARTMENT OF EDUCATION

I. Clarify the Role

The Federal Role: to determine the eligibility, and certify the administrative and financial capability, of institutions to participate in federal assistance programs; to monitor institutional administration of the federal student assistance programs; provide technical assistance and training to institutions; and where appropriate, limit, suspend or terminate an institution's eligibility to participate in the federal student aid programs.

II. System of Standards

1) Institutional Eligibility/Outcomes:

Single Definition -- Establish in the upcoming reauthorization of the Higher Education Act a **single definition** for "institution of higher education," for purposes of participation in the Title IV Student Assistance programs, by amending section 481(a) to establish the following criteria for participation:

a) Admits as regular students persons having a certificate of graduation from a school

providing secondary education, or the recognized equivalent of such a certificate; further provide in Section 484 for eligibility for students who do not have high school diplomas or their equivalent;

b) Is legally authorized within such state to provide a program of education beyond secondary education;

c) Provides an educational program beyond secondary education which leads to a degree, diploma, or certificate;

d) Is accredited by a regional or national agency or association recognized by the Secretary; and

e) Will accept transfer of academic credits obtained by a student at another accredited institution.

2) Institutional Certification and Eligibility Process.

The Federal regulatory role in postsecondary education is implemented through the Department of Education and it includes several distinct steps. The two-step federal process under the Higher Education Act requires that the institution establish "eligibility" under the Act (be legally authorized to operate in the state where located and be accredited), and be "certified" as having met certain administrative and financial standards for participation in Title IV. We recommend reform of that process as follows:

a) The institution applies to the Department of Education by completing the Application for Eligibility and Certification and provides the appropriate documentation; and

b) Information requested on the Application should require sufficient documentation to substantiate statements (e.g., a job description and a qualification statement should be included to determine whether the administrators are qualified) and to determine if there is an adequate system of internal control.

i) Postsecondary institutions using servicers to perform financial aid functions must submit a copy of the contract with the student aid administration servicer in order to permit the Department to evaluate the responsibilities that will be performed by the servicer for the institution;

ii) In the case of multi-campus institutions, in which student aid processing is performed by a central office/single office for all students, the relationship of the central office/main campus to the satellite campuses or other locations should be explained; and

iii) All institutions must provide audited financial statements and supporting documentation. Business plans for each branch campus must be submitted to the Department when seeking eligibility for a new branch campus.

III. Oversight/Communication

1) Require all institutions of higher education to submit bi-annual program audits prepared by an independently certified public accountant (or other individual acceptable to the Secretary) that the Department would use to monitor proper administration of the student aid programs.

2) Require all institutions to submit financial audits if requested by the Secretary to determine financial stability.

3) Program Reviews -- Include the following as indicators for the Department of Education to target institutions for review:

a) Deviations from the current regulations governing administrative capability and financial stability;

b) Highest quartile of default rates measured annually;

c) The highest quartile of dollar volume of default, from those institutions whose default rates exceed the national average;

d) Significant year-to-year fluctuations in the Stafford Loan or SLS volume and/or Pell Grant awards;

e) Material findings or deficiencies cited and reported from the relevant guaranty agency, accrediting body or state licensure agency; and

f) A statistically valid randomly selected number of institutions drawn from the total population of institutions participating in the program in that year.

4) The Regional Offices should review the information submitted to the Washington Office within five (5) working days, taking into account data from all sources, audits, program reviews, default rates, and verified student complaints.

5) Require the Department to:

a) Provide for initial and follow-up on-site reviews at the institution's office administering Title IV aid after the submission of an application from an institution seeking initial eligibility and certification in order to evaluate the institution's ability to comply with the administrative capability and financial stability regulations; and

b) Permit provisional eligibility and certification status which may require a complete reapplication before final certification is made, in order to identify financial problems in new institutions, branches, and newly owned institutions.

6) Require the Department to consider, for the purpose of certification or recertification, institutional compliance with the administrative capability standards (34 CFR 668.14) and the financial responsibility standards (34 CFR 668.13), or in the

alternative, regulatory standards established by the Secretary which are consistently and objectively applied.

7) Establish new statutory standards for the recognition of accrediting bodies.

a) Establishing new federal standards for recognizing accrediting agencies is critical to effective "gate-keeping" or promoting program and institutional integrity by limiting the opportunity of any postsecondary institutions that do not provide a quality educational opportunity to gain access to the Title IV programs in the first instance.

i) Standard A. National or Regional in its Scope or Experience -- In order to be recognized by the Secretary, the accrediting agency must be regional or national in scope. The applicant agency also must demonstrate sufficient experience with regard to the geographical scope of its planned activity, as well as competence with respect to the specific degrees, certificates and academic disciplines it proposes to include in its membership;

ii) Standard B. Membership is Voluntary and the Institution is Student-Focused -- Membership in the accrediting body must be voluntary and the institution, whether professional, graduate, baccalaureate, associate or vocational/technical, must have as its principal purpose the education and training of students on a postsecondary level;

iii) Standard C. Academic Requirements Assure That the Highest Standard of Academic Quality Has Been Attained and Will Be Maintained -- The services, curriculum, faculty and facilities at the institution must be of sufficient quality to ensure that institutional objectives can be realized, and the fiscal resources exist and are sufficient for the institution to be capable of

delivering the academic program promised;

iv) Standard D. Support Services are provided to students where appropriate;

v) Standard E. Due Process Must Be Assured -- At all levels of institutional evaluation -- determination of qualification for membership and withdrawal of accreditation and appeal from an adverse determination -- due process shall be preserved. Due process shall include, at a minimum, the specification of the deficiencies, opportunity to be heard, a hearing on the record, the right of appeal from an adverse decision (including probation), and the right to representation by counsel. However, that process shall not permit the abuse of due process in order to prolong the withdrawal of accreditation;

vi) Standard F. Require consistent organizational standards for recognizing national and regional accrediting bodies; and

vii) Standard G. Require any recognized accrediting agency which is established by a related professional or institutional association to enhance the quality of the member institutions to ensure the independence of the accrediting agency from the association by excluding the association from:

(a) the finalization of standards, policies and procedures used in the evaluation of institutions;

(b) participation in the evaluation of institutions; and

(c) decisions to grant, deny or withdraw the accreditation of institutions.

RECOMMENDATIONS TO STRENGTHEN THE ROLE OF THE U.S. DEPARTMENT OF EDUCATION'S NATIONAL COMMITTEE ON ACCREDITATION AND INSTITUTIONAL ELIGIBILITY

I. Clarify the Role

Reconstruct the National Advisory Committee on Accreditation and Institutional Eligibility by creating a new fifteen (15) member National Advisory Committee on Institutional Quality and Integrity. The new National Advisory Committee on Institutional Quality and Integrity must be broadly representative of the postsecondary education community and would advise the Secretary on matters related to institutional accreditation. Its membership would be expanded to include two representatives each from independent four-year institutions, public four-year institutions, public and private community and junior colleges (one each), proprietary institutions of postsecondary education, professional schools or colleges, two public members representing business or industry, one parent, one student.

The Advisory Committee's charter would be to:

i) Advise the Secretary regarding the exercise of the Secretarial responsibility to publish a list of nationally recognized accrediting agencies which have been determined to be reliable authorities as to the quality of the education and training offered;

ii) Advise the Secretary with regard to the responsibility to designate state officials/regulatory or licensing entities as referral agencies;

iii) Advise the Secretary on implementing the Standards of Recognition, and any changes or improvements in the Eligibility and Certification processes within the Department; and

iv) Carry out such other advisory functions relating to recognition, accreditation and institutional eligibility as may be assigned by the Secretary.

II. System of Standards

1) All institutions would have to meet the requirements for probation or provisional accreditation as outlined by a recognized accrediting agency for a period of 12 months prior to being fully recognized. However, during this time the institution would be eligible for participation in the Title IV programs.

2) Authorize the Department to continue the Title IV eligibility, for eighteen months, of any institution whose accrediting agency is removed from the Secretary's approved list -- if that institution is in "good standing" at the time of the Secretary's action. During that eighteen-month period the institution must seek and obtain new accreditation or seek an extension from the Secretary for good cause. Any institution not in good standing at the time of the Secretary's action must be fully reviewed by the Department and state licensing agency in order to determine if it qualifies for the eighteen-month grace period.

III. Increase Communication

1) Central Data Base -- Require the Department of Education to establish and make available at no cost to authorized users a central data base of institutional information, which fully integrates all information available from USED, the Department of Veterans Affairs, state agencies, regional and national accrediting bodies, the Department's Eligibility and Certification Division, Audit and Program Review Division, Financial Management Branch, and the Office of Inspector General.

2) The provisions in Section 1201(a) and 435(b) of the Higher Education Act which allow an unaccredited nonprofit institution to establish eligibility for federal aid by "pre-accreditation" or by the "three letter rule" should be repealed. To gain access to Title IV assistance, an institution should be fully accredited by an agency recognized by the Secretary of Education.

XI. REFORMS TO PROTECT THE INTEGRITY OF THE STUDENT AID PROGRAMS

The national accrediting bodies have taken substantial actions and significant reforms have been enacted by the Congress to protect the integrity of the student aid programs.

We recommend that the following provisions be adopted to address some of the specific concerns raised in the Congress regarding potential areas of program abuse:

1) Prohibit an institution from opening more than one branch campus in a twelve-month period, except in cases where an institution is participating in a teach-out activity or when another institution has filed for bankruptcy.

2) Prohibit institutions from using contractors or persons other than salaried employees to make final determinations regarding admissions or the award of financial aid; from paying commissions or other incentive compensation to salaried employees based on the number of persons who apply or who enroll in the institution, unless the enrolled student attends class for at least thirty (30) days; and from paying any commission or other incentive compensation to third party agents or contractors for recruitment of prospective students in the U.S., its territories or possessions.

3) Provide full loan forgiveness to students whose school has closed before the student is able to complete his/her

academic program in the event that no "teach-out" opportunity is available. While efforts to "teach-out" students have proven effective in the past, the number of private career schools and community colleges that may be forced out of the student loan programs as a result of the new statutory default trigger programs, especially in urban areas, may make "teach-out" programs unworkable.

Such a loan forgiveness provision could also be used to assist students who are victims of institutions found guilty of fraudulent activities.

4) Require third-party agents and loan servicers that assume contractual responsibility for the administration of Title IV aid programs on behalf of an institution to submit biennial audits to the Department of Education.

5) Require institutions accredited by two or more agencies to provide to the Department of Education and the appropriate accrediting agencies a full disclosure of the reasons for the dual institutional accreditation.

OPTION A

SOURCES OF FEDERAL STUDENT AID*
(in dollars)

TOTAL INCOME	TOTAL AID	PELL	WORK-STUDY + LOAN
		FIRST YEAR	
0-5,000	12,000	5,000	7,000
5,001-10,000	12,000	4,500	7,500
10,001-12,000	12,000	4,000	8,000
12,001-14,000	12,000	3,500	8,500
14,001-16,000	12,000	3,000	9,000
16,001-18,000	12,000	2,500	9,500
18,001-20,000	12,000	2,000	10,000
20,001-22,000	12,000	1,500	10,500
22,001-26,000	12,000	1,000	11,000
26,001-30,000	12,000	750	11,250
30,001-34,000	12,000	500	11,500
34,001-38,000	12,000	250	11,750
		SECOND YEAR	
0-5,000	13,000	4,500	8,500
5,001-10,000	13,000	4,000	9,000
10,001-12,000	13,000	3,500	9,500
12,001-14,000	13,000	3,000	10,000
14,001-16,000	13,000	2,500	10,500
16,001-18,000	13,000	2,000	11,000
18,001-20,000	13,000	1,500	11,500
20,001-22,000	13,000	1,000	12,000
22,001-26,000	13,000	750	12,250
26,001-30,000	13,000	500	12,500
30,001-34,000	13,000	250	12,750

TOTAL INCOME	TOTAL AID	PELL	WORK-STUDY + LOAN
	THIRD YEAR		
0-5,000	14,000	4,000	10,000
5,001-10,000	14,000	3,500	10,500
10,001-12,000	14,000	3,000	11,000
12,001-14,000	14,000	2,500	11,500
14,001-16,000	14,000	2,000	12,000
16,001-18,000	14,000	1,500	12,500
18,001-20,000	14,000	1,000	13,000
20,001-22,000	14,000	750	13,250
22,001-26,000	14,000	500	13,500
26,001-30,000	14,000	250	13,750
	FOURTH YEAR		
0-5,000	15,000	3,500	11,500
5,001-10,000	15,000	3,000	12,000
10,001-12,000	15,000	2,500	12,500
12,001-14,000	15,000	2,000	13,000
14,001-16,000	15,000	1,500	13,500
16,001-18,000	15,000	1,000	14,000
18,001-20,000	15,000	750	14,250
20,001-22,000	15,000	500	14,500
22,001-26,000	15,000	250	14,750

* This table applies only to students enrolled in programs of at least one academic year. Maximum eligibility for students enrolled in shorter programs would be as follows:

CLOCK HOURS OR EQUIVALENT	TOTAL AID	PELL	WORK-STUDY + LOAN
$600 > x \geq 300$	7,000	0	7,000
$900 > x \geq 600$	10,000	3,333 to 5,000	5,000 to 7,000

OPTION B

SOURCES OF FEDERAL STUDENT AID*
(in dollars)

TOTAL INCOME	TOTAL AID	PELL	WORK-STUDY + LOAN
	FIRST YEAR		
0-5,000	12,000	5,000	7,000
5,001-10,000	12,000	4,500	7,500
10,001-12,000	12,000	4,000	8,000
12,001-14,000	12,000	3,500	8,500
14,001-16,000	12,000	3,000	9,000
16,001-18,000	12,000	2,500	9,500
18,001-20,000	12,000	2,000	10,000
20,001-22,000	12,000	1,500	10,500
22,001-26,000	12,000	1,000	11,000
26,001-30,000	12,000	750	11,250
30,001-34,000	12,000	500	11,500
34,001-38,000	12,000	250	11,750
	SECOND YEAR		
0-5,000	13,000	4,000	9,000
5,001-10,000	13,000	3,500	9,500
10,001-12,000	13,000	3,000	10,000
12,001-14,000	13,000	2,500	10,500
14,001-16,000	13,000	2,000	11,000
16,001-18,000	13,000	1,500	11,500
18,001-20,000	13,000	1,250	11,750
20,001-22,000	13,000	1,000	12,000
22,001-26,000	13,000	750	12,250
26,001-30,000	13,000	500	12,500
30,001-34,000	13,000	250	12,750

TOTAL INCOME	TOTAL AID	PELL	WORK-STUDY + LOAN
	THIRD YEAR		
0-5,000	14,000	3,000	11,000
5,001-10,000	14,000	2,500	11,500
10,001-12,000	14,000	2,000	12,000
12,001-14,000	14,000	1,750	12,250
14,001-16,000	14,000	1,500	12,500
16,001-18,000	14,000	1,250	12,750
18,001-20,000	14,000	1,000	13,000
20,001-22,000	14,000	750	13,250
22,001-26,000	14,000	500	13,500
26,001-30,000	14,000	250	13,750
	FOURTH YEAR		
0-5,000	15,000	2,000	13,000
5,001-10,000	15,000	1,750	13,250
10,001-12,000	15,000	1,500	13,500
12,001-14,000	15,000	1,250	13,750
14,001-16,000	15,000	1,000	14,000
16,001-18,000	15,000	750	14,250
18,001-20,000	15,000	550	14,500
20,001-22,000	15,000	250	14,750
22,001-26,000	15,000	250	14,750

* This table applies only to students enrolled in programs of at least one academic year. Maximum eligibility for students enrolled in shorter programs would be as follows:

CLOCK HOURS OR EQUIVALENT	TOTAL AID	PELL	WORK-STUDY + LOAN
$600 > x \geq 300$	7,000	0	47,000
$900 > x \geq 600$	10,000	3,333 to 5,000	5,000 to 7,000

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National Association of Trade and Technical Schools
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One Dupont Circle, N.W. Suite 350 Washington, DC 20036 202/659-2460

REPORT CARD:

ACTIONS BY THE
ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS
AND THE
NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS

TO IMPROVE THE EFFECTIVENESS OF
PRIVATE CAREER SCHOOLS AND COLLEGES
AND REDUCE PROBLEMS WITH THE ADMINISTRATION OF
FEDERAL FINANCIAL AID PROGRAMS
1988-1991

Washington, D.C.
May 1991

The Association of Independent Colleges and Schools (AICS) and the National Association of Trade and Technical Schools (NATTS) have been, are currently, and will remain wholly committed to improving the quality of postsecondary education and as a result increasing public confidence. Achieving this confidence requires criminal prosecution of those engaged in fraudulent activities, whether they be schools, colleges, universities, students, or financial institutions.

Any institution that engages in fraudulent practices unfortunately brings into question the quality of postsecondary private career institutions, which provide over one-half of the skilled workers entering the workforce each year.

The most common criticisms of private career schools and colleges are:

I. Nothing is being done about the "bad apples."

II. There is no oversight of institutions or programs or, if there is any, it is woefully inadequate.

III. There is no consumer protection to safeguard the interests of students and taxpayers.

IV. Nothing is being done to reduce student loan defaults.

In the past three years, myths, a lack of awareness, or political expediency have enhanced these perceived problems. Most people do not realize that the process has changed and that organizations such as AICS and NATTS have a history of ever-increasing effectiveness.

For many years, actions by these two associations, their accrediting commissions, and legislative and regulatory reforms proposed and supported by these associations have helped substantially to improve the quality of education and reduce student loan defaults and abuse of student aid programs.

In 1989, Rep. William Ford (D-MI), now Chairman of the House Education and Labor Committee, asked us to take the necessary actions to instill confidence in private career schools. In discussions with other key Members of Congress, it became clear that our associations and their accrediting commissions were expected to take the lead in identifying "bad apples," eliminating the second-rate and shoddy education that occurs in a minority of schools, and reducing student loan defaults.

The following is a report card of decisive steps AICS and NATTS have taken over the past several years to address the congressional and public concerns:

I. Weeding out the "bad apples"

- Accrediting Commission aggressively removed accreditation from institutions not meeting accreditation standards.
  - From January 1988 until 1991, of the institutions accredited by AICS and/or NATTS, 433 schools were either removed from the accredited list by the Accrediting Commission, voluntarily withdrew (often as a result of Commission action), or closed (See Attachment #1);
  - In the last three years, an average 13 of every 100 accredited schools reviewed lost their accreditation.

- Accrediting Commission aggressively pursued court actions to uphold integrity of accreditation.
  - AICS and NATTS are dedicated to the integrity of the accreditation process and ensuring quality education. They are even willing to go to court to have accreditation removed when necessary. Since 1988, nineteen court cases have been fought by the AICS and NATTS Accrediting Commissions at a cost of more than $1 million in legal and related fees. Attached are examples of court cases undertaken by NATTS and AICS to uphold Commission judgments. (See Attachment #2)

II. Improved Oversight

- Increased oversight of institutions and adopted measures to ensure the accuracy of data and expedite the accreditation review and process. These measures include:
  - Development of rapid-response/fact-finding teams to visit schools with reported problems. These teams respond immediately to serious allegations raised against any school.
  - Required audits of financial statements to ensure the accuracy of reported data.
  - Required workshops for accreditation application and renewal. These workshops are designed to introduce and sensitize applicant schools to the expectations and rigors of the accrediting process.
  - NATTS fought all Temporary Restraining Orders (TROs) sought by institutions appealing Accrediting Commission

decisions in the courts to thus stop access to federal financial aid. This represents a significant shift. Prior to this policy, it was standard operating procedure for NATTS to support a school's TRO in order to help a school raise its standards.

The resistance of TROs has always been the policy of AICS.

-- Engaged in aggressive court cases to defend Accrediting Commission actions to uphold integrity of the standards.

-- Sped up due process while protecting rights of appeal. The process has been reduced from an average of two years to six months.

-- Trained team leaders to ensure that the quality of the process is maintained. Team leaders head up each school visit and are mainly responsible for ensuring that the visit is carried out with sufficient rigor and that a school is adhering to our standards.

-- Investigated high default schools identified by the Department of Education on September 10, 1990. The Department had released a list of the 89 institutions that comprise 50 percent of the student loan dollars in default for private career schools and colleges. Of the 53 schools accredited by AICS and NATTS, 22 have closed. All have been reviewed by the Department of Education; and the AICS and NATTS schools have been reviewed by their respective accrediting agencies. (See Attachment #3)

o Increased cooperation of Accrediting Commission with state and federal agencies when problems exist.

State licensing agencies, federal agencies and accrediting commissions are commonly referred to as the "TRIAD." Through increased communication, these three bodies are responsible for the stewardship of the integrity of institutions and federal programs, as well as improved consumer protection. In order to strengthen the role of the TRIAD, NATTS and AICS laid out the following recommendations in our proposal for the reauthorization of the Higher Education Act:

-- Clarify roles and responsibilities of members of the TRIAD.

-- Develop a system of standards by which all members of the TRIAD can be evaluated.

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-- Increase communication through the sharing of additional information among all members of the TRIAD and, where appropriate, loan guaranty agencies.

The system in place now combining the regulatory oversight of the Department of Education, state licensing agencies and the accrediting bodies (the TRIAD) must be tightened. NATTS and AICS are committed to fulfilling their obligations to judge the quality of education and remove inferior schools in their sector, and will continue to do so.

III. Improving Consumer Protection

o Accrediting Commissions have tightened accreditation standards to address identified abuses.

The Accrediting Commissions have strengthened guidelines in recent years, addressing critical problem areas of abuses.

Problem:
Use of the payment of commissions to people to recruit students. At one time, institutions were permitted to pay a commissioned sales person to bring students to the door. This is no longer tolerated.

Solution:
NATTS: Institutions may only use salaried employees in their admissions activities and will not pay commissions to recruiters for these enrollments until a student has a realistic assurance of completing the program.

AICS: The Commission narrowly proscribed the recruiting and admissions practices employed by member schools and eliminated the practice of canvassing for admissions. Recruiting and admissions were strictly limited to school employees only and recruiters were prohibited from administering admissions tests.

Problem:
Over-expansion of facilities without appropriate oversight and branch campuses that were inferior in quality. Lack of sufficient oversight in this area allowed some "fly-by-night" schools to operate. Oversight has now been increased substantially.

Solution:
NATTS: The Commission has reaffirmed its standards for branch campuses to ensure that the main school is responsible for the branch; to ensure that a branch is fully reviewed prior to accreditation; and to require

-- Student tuition refunds -- only the private career school sector of postsecondary education endorsed the legislative initiative to define fair and equitable refunds for students. The specific proposal significantly increases the amount of refund to a student after withdrawal.

-- Supported independently-developed testing programs for ability-to-benefit (ATB) students.

-- Supported House and Senate student loan default-reduction legislation.

-- Supported mandatory postsecondary graduation and placement rate disclosure to empower consumers in making sound choices of postsecondary institutions.

-- Endorsed legislation that granted authority to the Department of Education to suspend temporarily student aid funds at a school where there have been allegations of fraud and abuse. (See Attachment #5)

o Increased association workshops for institutions to improve administration of federal student aid programs, admissions, retention of students, and placement, and increase competencies of instructors. (See Attachment #6)

o Distributed consumer information to assist students in their career and school search.

In an effort to provide consumers with the information needed to select the right career and school for them, in 1985 NATTS began publishing Getting Skilled, Getting Ahead. More than 200,000 copies have been distributed at no charge through the U.S. Consumer Information Center, making the book its most requested publication ever.

In addition, NATTS distributed copies of the book to all state public assistance agencies to assist caseworkers in their counseling. And copies were sent to the Persian Gulf for distribution to Desert Storm troops.

This valuable guide provides students with a step-by-step process to use in locating and contacting the private career college or school that will provide the training they need; questions students should ask when evaluating the school; information students need to understand the school's requirements; and details on how students can obtain financial aid and the responsibilities involved with a loan. U.S. Senator Paul Simon has called Getting Skilled, Getting Ahead "the best consumer resource guide available."

that the branch's program(s) are the same as, or related to, the program(s) offered at the main school. If a branch campus is found in violation of any standard, all branches and the main school suffer the consequences.

AICS: The Commission only permits the processing of one branch application at a time. This usually takes a year. The Commission also requires an evaluation site visit before the branch opens and another visit after it opens.

Problem:
Recruitment of non-high school graduates who were incapable of succeeding in the program in which they were enrolled.

Solution:
The Commission prohibits schools from recruiting prospective students in or near welfare offices, unemployment lines, food stamp centers, and homeless shelters.

AICS and NATTS contracted with the American Council on Education to review and approve independently all tests that could be used by NATTS and AICS schools in determining the capabilities and admission of all non-high school graduates (ability-to-benefit or ATB students). AICS requires that all ATB students be both counseled and tested.

Problem:
Schools served high-risk students and had a track record of high dropout rates and a lack of support services.

Solution:
The NATTS Accrediting Commission requires that any institution serving high-risk students must provide the appropriate support services, such as day care, remediation, and counseling, to increase the probability of student success to the highest degree possible.

(Please refer to Attachment #4 for additional examples of AICS and NATTS Accrediting Commission activities.)

- Over the last three years, we have also supported stricter legislation to ensure quality education, proper oversight by appropriate agencies, and consumer protection.

The associations of AICS and NATTS and their work in legislation have involved support of specific bills having an impact on:

(Attachment #7)

IV. Working to Reduce Student Loan Defaults

o Implemented, expanded and refined the nationwide Default Management Initiative, which is underway with both schools and students.

In 1986, three years before the Department of Education announced its Default Reduction Initiative, private career school organizations joined together in support of the Career Training Foundation's (CTF) Default Management Initiative. This was done at a time when evidence was just beginning to demonstrate that defaults in the loan programs were growing. There was confusion about how to support students so they would not go into default. CTF convened the first joint conference of representatives from all participants in the Stafford Loan Program. The question was: How do we make these programs work? The answers included:

-- Developed the Default Management Manual to assist schools in the administration of the financial aid programs and help instill a sense of ownership in students regarding their financial obligations.

-- Conducted Default Management Workshops where more than 5,000 school administrators have learned to reduce loan defaults.

-- Published "I Own My Loan" student guide book, written especially for students, now in its third 100,000-copy printing, stressing the importance of managing a student loan.

-- Developed Default Prevention Video Kits. This includes a guide for school staff and entrance and exit videos for students explaining the importance of repaying the loan and the severe consequences of defaults.

-- Expanded program development to now include economic life skills for student borrowers.

The recommendations contained in the Default Management Initiative became the basis of the House and Senate default reduction legislation and the Department of Education's default reduction regulations. This initiative is one of the reasons private career schools and colleges have consistently lowered their default rate over the last three years.

# # #

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We must also recognize that high defaults or low graduation rates do not always mean fraud, waste, and abuse is occurring. Studies show that more often than not it means that the institution is serving a disadvantaged student population.

It must be kept in mind that we will never completely eliminate fraud, waste and abuse because these are elements of the human condition. However, we must constantly strive to eliminate fraud, waste, and abuse. Stewards of federal programs can and must promise to have a system of oversight that continually monitors programs and the participants and when we do find problems, we must move swiftly to resolve them. We must also have the commitment to continually reassess what we are doing to strive for excellence.

Private career schools and colleges play an integral part in preparing our nation's workforce. Their contributions touch our lives in untold ways. Their commitment to continued quality and elimination of abuses remains strong and their actions back this up. The attached material further details steps taken by NATTS and AICS to prevent fraud, waste and abuse.

Attachment #1

433 NATTS- AND AICS-ACCREDITED
INSTITUTIONS HAVE CLOSED, VOLUNTARILY WITHDRAWN
OR HAVE BEEN REMOVED FROM THE ACCREDITED LIST

	NATTS Accredited Schools	AICS Accredited Schools
No. of accredited schools as of January 1, 1988	1,195	1,036
1988		
Removed from accredited list	14	10
Voluntary withdrawals	8	10
Schools that closed	10	5
	32	25
1989		
Removed from accredited list	22	9
Voluntary withdrawals	21	10
Schools that closed	29	12
	72	31
1990		
Removed from accredited list	10	26
Voluntary withdrawals	24	17
Schools that closed	75	50
	109	93
1991		
*Removed from accredited list	***	***
Voluntary withdrawals	3	0
Schools that closed	27	41
	30	41
TOTAL NO. OF SCHOOLS REMOVED, CLOSED OR WITHDRAWN	243	190

In addition to the above, of the institutions accredited by the National Accrediting Commission of Cosmetology Arts & Sciences since 1988, 107 have been removed from the accredited list, 123 have voluntarily withdrawn from accreditation, and 117 schools have closed.

*Because the accredited institutions cited for removal by the NATTS and AICS Accrediting Commissions have the right to due process and may appeal their removal, no final number is available at this time.

Attachment #2

EXAMPLES OF LEGAL ACTIONS DEFENDING REMOVAL OF ACCREDITATION

The Accrediting Commissions of the Association of Independent Colleges and Schools and the National Association of Trade and Technical Schools have had considerable success in dealing with schools providing poor quality of education, mismanagement, or inadequate financial viability, and those that have engaged in abuse. Prosecution of cases of fraud involving federal student aid programs are the sole purview of the U.S. Department of Education (U.S. Department of Justice) and the states (state attorneys general).

Examples of just a few of the lawsuits defended on behalf of the AICS and NATTS Accrediting Commissions since January 1988 include:

NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS

Accrediting Commission

NATTS has made significant changes in its aggressive legal defense of accreditation actions in recent years, including an increased commitment to oppose temporary restraining orders and preliminary injunctions, as well as a willingness to incur expensive judicial disputes. These cases are fought in the school's jurisdiction, which increases the cost to NATTS.

NATTS no longer agrees to the entry of temporary restraining orders when schools are removed from the accredited list and file suit. Temporary restraining orders allowed federal funding to continue without limitation to the schools during the judicial process. Now, when NATTS removes a school's accreditation, NATTS resists a school's efforts to remain fully eligible for funding while the lawsuit is pending.

1. Careers Unlimited d/b/a Career Opportunities School v. National Association of Trade and Technical Schools. Career Opportunity School (COS) had a main school in Pasadena, California, and a branch in Las Vegas, Nevada, and offered programs in hairstyling and casino dealing. COS filed an application for renewal of accreditation of its main school and for final approval of its branch in 1987. In June 1988, the Commission voted to deny these applications. NATTS's Appeals Panel upheld this decision in August 1988. The basis for the decision were (1) misleading Spanish-language advertising; (2) deficiencies in COS's catalog and enrollment agreement relating to the school's tuition refund policy and the relationship between the main school and branch; (3) failure to supply financial information demonstrating the school's financial soundness and

stability; and (4) failure of the main school to exercise adequate oversight of the branch. An example of the latter problem was the branch's "learning resource center"--an empty room with unfilled bookshelves.

On August 24, 1988, COS filed suit against NATTS, the Accrediting Commission and the Appeals Panel in state court in Nevada. We had the case transferred to the federal district court in Las Vegas. Finding that substantial evidence supported the Commission's decision and that schools and the public would be harmed by continuing the school's accreditation, the district court denied COS's motion for a temporary restraining order and its motion for a preliminary injunction requiring the restoration of the school's accreditation while the case proceeded. Thereafter, we filed a motion to dismiss COS's lawsuit. Rather than respond to this motion, COS withdrew the lawsuit.

2. Delaware Valley School of Trades, Inc. v. National Association of Trade and Technical Schools. The Accrediting Commission voted to deny renewal of accreditation to the Delaware Valley School of Trades (DVST) in January 1989. The Appeals Panel upheld this decision in March 1989. The bases of the decision were (1) DVST's failure to demonstrate a sound financial structure; (2) the school's failure fully to make refund payments to students in accordance with accrediting standards; and (3) untimely refund payments to students. In April 1989, DVST filed in bankruptcy and moved for an injunction in bankruptcy court in Philadelphia, Pennsylvania to require the restoration of its accreditation. We obtained a postponement of the preliminary injunction hearing and prepared to vigorously defend against DVST's motion for preliminary injunction. Shortly before the hearing, DVST elected to drop the motion and dismiss its lawsuit. Thus, the decision to deny renewal of accreditation was left standing.

3. Bailie Communications, Ltd. v. National Association of Trade and Technical Schools. In April 1989, the Commission denied renewal of accreditation to the Bailie chain of broadcasting schools in the Western United States. The Appeals Panel upheld the Commission's decision in July 1989. The basis of the decision was Bailie's failure to demonstrate financial stability and soundness as indicated by weakness in its financial statements and a failure to pay fees and dues to NATTS.

In August 1989, Bailie filed suit against NATTS and sought an injunction requiring the restoration of its accreditation in federal district court in Seattle, Washington. The court did initially issue an order which temporarily restored Bailie's accreditation pending another Appeals Panel hearing because the court found (mistakenly, we believe) that the first Appeals Panel hearing had been procedurally flawed. After the issuance of this order, another Appeals Panel hearing was convened within two weeks of the court's decision. The Appeals Panel again upheld the

Commission. Bailie then filed a motion to set aside this decision, but the court denied Bailie's motion. Thus, the Commission's decision was left standing.

We then filed a motion for summary judgment which would have resolved the case completely in NATTS's favor. Before the court could reach a decision on our motion, Bailie filed in bankruptcy. Bailie sought unsuccessfully to argue that the automatic stay provision of the bankruptcy laws precluded NATTS from withdrawing Bailie's accreditation. Bailie failed to pursue the bankruptcy proceeding and never answered NATTS's motion for summary judgment. Eventually, the bankruptcy proceeding was terminated, and in October 1990, the case finally came to an end when the district court granted summary judgment in NATTS's favor.

4. Layne Educational Services, Inc. d/b/a Cleveland Institute of Technology v. National Association of Trade and Technical Schools. In June 1989, the Commission voted to deny final approval to the branch of the Cleveland Institute of Technology (CIT) in Toledo, Ohio. In August 1989, the Appeals Panel reviewed the Commission's decision and disagreed with two of the eight grounds for the decision. On that basis, the Appeals Panel remanded the matter to the Commission.

In October 1989, the Commission reconsidered its earlier decision in light of the Appeals Panel's review and decided again not to grant final approval to the branch based upon the six grounds that the Appeals Panel had upheld. These were: (1) poor rates of completion of students in the school's programs in Building Services Management (36.5%) and Word Processing (27.6%) (the school sought to "explain" this deficiency by noting that the male BSM students had been harassing the female word processing students and by terminating the BSM program); (2) poor placement in the Building Services Management program (45.6%); (3) inadequate instructional equipment (students were being "taught" how to screw in light bulbs and plug in air conditioners); (4) poor student attendance; (5) the school's failure to abide by its own attendance policy; and (6) misleading advertising ("Jobs! Jobs! Jobs!").

CIT filed suit against NATTS in October 1989 in federal district court in Toledo, Ohio. As usual, the school sought a temporary restraining order and preliminary injunction requiring the restoration of its accreditation. The court denied both motions. The school then elected to voluntarily dismiss its suit.

5. Simdex Company, Inc. d/b/a Simdex Technical Institute v. National Association of Trade and Technical Schools. In November 1989, the Executive Committee of the Accrediting Commission was made aware of a scheme by which Simdex Technical Institute had sold access to federal financial aid to an Indochinese immigrant group by falsely claiming that a facility operated by this group

was a separate classroom of Simdex. The scheme had been called to NATTS's attention by Senator Lloyd Bentsen's office. The Executive Committee issued an order to show cause why the school's accreditation should not be revoked in December 1989. After reviewing the school's response, the Commission voted to revoke the school's accreditation in February 1990. The Appeals Panel upheld the Commission's decision in April 1990.

In May 1990, Simdex filed suit in state court in Texas. Before Simdex's request for preliminary injunctive relief could be heard, however, Simdex voluntarily dismissed the suit and filed in bankruptcy. In the bankruptcy court, Simdex sought preliminary injunctive relief requiring the restoration of its accreditation. In July 1990, the bankruptcy court denied Simdex's request. We then filed a motion for summary judgment to resolve the case completely in NATTS's favor. Simdex did not respond to this motion, and instead withdrew its lawsuit.

6. COPES, Inc. d/b/a Golden State School of Oxnard, California v. National Association of Trade and Technical Schools. This is our most recent case. In this case, the Commission began a complete review of the school after a change of ownership. In October 1990, the Commission voted to deny the school renewal of its accreditation. The Appeals Panel upheld this decision in January 1991. The bases for the decision were (1) severe financial weakness; (2) failure to pay timely refunds to students (over $170,000 remained unpaid at the time of the Appeals Panel hearing); (3) a defective enrollment agreement; (4) failure to demonstrate that the school's refund policy was in compliance with accrediting standards; and (5) failure to pay accrediting fees.

Golden State filed suit in federal district court in Los Angeles, California in late January of this year. The school sought a temporary restraining order and preliminary injunction requiring the restoration of its accreditation, and also asserted claims for over $500,000 in damages. The court denied the motion for temporary restraining order on February 4, 1991. On February 18, 1991, the court denied Golden State's motion for preliminary injunction. In so doing, the court stated that Golden State's claims were totally without merit and suggested that they might be susceptible to a motion for summary judgment. We informed the Judge that we would file a motion for summary judgment, and in fact, did so. The school agreed to drop its lawsuit.

Bankruptcy is the only area where we have encountered difficulty in defending the decisions of the Accrediting Commission. In January 1989, a bankruptcy court in Fresno, California entered a preliminary injunction against NATTS which required the restoration of the accreditation of the Golden State School in San Bernardino and Fresno, California. The bankruptcy court's decision was principally based upon its view that the executory contract provisions of the bankruptcy laws precluded the

withdrawal of accreditation where a school had filed in bankruptcy prior to the Commission's decision. We appealed this decision to the federal district court in Fresno, California. Unfortunately, the district court agreed with the bankruptcy court. As a result, we have now appealed the decision to the Ninth Circuit Court of Appeals, and we are awaiting a decision. The Fresno precedent obliged the Commission to rescind an accreditation decision involving the National School of Health Technology in Philadelphia, Pennsylvania in August 1989.

The impediment that the bankruptcy laws pose was partially resolved by an amendment to the bankruptcy code passed in the closing days of the last Congress. That amendment clearly forecloses the use of one potentially troublesome provision of the bankruptcy laws--the automatic stay. However, the amendment did not explicitly address the executory contract provision at issue in the Fresno case.

ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS

Accrediting Commission

1. North Jersey Secretarial School, Inc. v. Association of Independent Colleges and Schools, Inc., Victor K. Biebighauser and Edward P. Mattar, U.S. District Court, District of New Jersey, Civil Action No. 83-4242-L. This action was filed in the U.S. District Court in Newark, New Jersey in November, 1983, seeking an injunction for renewal of the accreditation of the First School of Secretarial and Paralegal Studies, located in Passaic Park, New Jersey, and declaratory judgment that AICS has violated regulations of the Department of Education, and for damages under antitrust and common law tort claims, charging the defendants with entering into a conspiracy with certain other organizations and individuals to enable a competing school chain to compete unfairly with the plaintiff institution and to monopolize the business school field in New Jersey. Under the antitrust courts, plaintiff demanded compensatory and punitive damages and costs. No specific amount of damages was stated in the complaint.

Upon motion of defendants on October 3, 1984, the parts of the complaint dealing with the failure of AICS to grant accreditation to First School were stricken as moot and the allegations that AICS fails to meet Department of Education requirements for nationally recognized accrediting agencies were dismissed for lack of subject matter jurisdiction. The court granted the plaintiff leave to file an amended complaint on the remaining counts. The plaintiff filed an amended complaint in October, 1985 seeking damages on the antitrust and common law tort claims and the District Court dismissed with prejudice the amended complaint. Appellant appealed to the United States Court of Appeals for the

Third Circuit the dismissal with prejudice of its amended complaint by the trial court as a sanction for appellant's discovery abuses.

The Court of Appeals entered judgment on October 12, 1989, affirming the lower court's decision in favor of the association on October 12, 1989.

2. North County College v. Association of Independent Colleges and Schools, William Bennett, Secretary, United States Department of Education, USDOE, California Department of Education, (CAL DOE), William K. Noble, Acting Director, CAL DOE and James M. Phillips, Executive Director, AICS. This was an action filed in December, 1987 in a Chapter 11 reorganization proceeding in the U.S. Bankruptcy Court for the Southern District of California in San Diego in which the bankrupt debtor, North County College, which had been denied reinstatement of accreditation following a change of ownership, sought (a) injunctive relief to restore the accreditation and (b) damages for violating the automatic stay in the Bankruptcy Code when AICS affirmed the denial in an appeal hearing in April, 1987 shortly after the Chapter 11 petition had been filed by the school. Claimed in the complaint were compensatory damages in the sum of $1,500,000 and punitive damages in the sum of $2,000,000. The central issue in the case was whether "accreditation" is property of the bankrupt debtor's estate which was affected by AICS' April, 1987 denial of the appeal.

On cross motions for summary judgment, the court, by order dated June 24, 1988, vacated the AICS April, 1987 affirmance of the denial as a violation of the automatic stay and ordered AICS to evaluate the school for consideration of a new grant of accreditation at the August, 1988 meeting of the Accrediting Commission. A site visit was conducted and the school was scheduled for a special appearance at that meeting of the Commission.

The issue of whether accreditation is property of a bankrupt debtor's estate and whether the automatic stay in the bankruptcy law applies to education accreditation was a novel question in the Ninth Circuit.

AICS and the Trustee of North County College entered into an Agreement and Mutual Release on June 14, 1989, in which the Trustee agreed to dismissal with prejudice of the action against AICS. The Agreement and Mutual Release did not require AICS to admit liability or to pay any damages.

3. Long Beach College of Business, Inc. v. Association of Independent Colleges and Schools, Accrediting Commission, William Bennett, Secretary of Education, Donald Waldbauer and Shirley Lowery. U.S. District Court for the Central District of

California, Civil Action No. 88 00042 CBM (GHKx). Action by Long Beach College of Business, Long Beach, California, for declaratory and injunctive relief to restore accreditation withdrawn by AICS and eligibility for federal student financial assistance programs and for damages from AICS for breach of fiduciary duty, interference with advantageous business relationships and prospective business advantages, and breach of implied covenant of good faith and fair dealing. No specific amount of damages was stated in complaint.

AICS, the Accrediting Commission and the individual defendants Waldbauer and Lowery, AICS Commissioners, filed an answer denying any liability. Granting the school's motion for a preliminary injunction, the court, on February 12, 1988, found that there was a procedural error in the AICS appeal proceeding, that the school had demonstrated likelihood of success on the merits, and ordered AICS and the U.S. Department of Education to reinstate accreditation and eligibility for federal student financial assistance programs, and further ordered the Accrediting Commission to hold a further hearing on the school's application for a new grant of accreditation at its April, 1988 meeting. By a consent order entered on April 1, 1988, the hearing was postponed to the August meeting of the Commission.

4. Robert Fiance Business Institute, Inc. v. Association of Independent Colleges and Schools, Civil Action 88.0942 U.S. District Court, Eastern District of New York. This was an action filed by Robert Fiance Business Institute, Inc., owner of American Hi-Tech Business School, an AICS accredited institution, against AICS in the Supreme Court of Kings County, New York and removed by AICS to the U.S. District Court for the Eastern District of New York in Brooklyn. The suit sought declaratory and injunctive relief to obtain a new six-year grant of accreditation, for a declaratory judgment that AICS no longer qualifies for recognition by the Secretary of Education, and for damages, compensatory and punitive, in the sum of $5,000,000 on each of four counts for wrongful denial of a new full grant of accreditation, denial of due process, breach of fiduciary duty, and breach of implied covenant of good faith and fair dealing.

Since the Accrediting Commission, at its April, 1988 meeting, has issued a new three-year grant of accreditation to the institution, the plaintiff was not able to show any damages resulting from the Commission's previous actions.

5. Denise McIntyre, et al. v. Acadiana Technical College, Inc., Phillip J. Vinciguerra, Daniel H. Guillot, and Thomas Vinciguerra, Association of Independent Colleges and Schools, Civil Action 87-4214C, Fifteenth District Court, Lafayette Parish, State of Louisiana. This is an action for damages by a group of students and former students at Acadiana Technical College, Lafayette, Louisiana, for fraudulent misrepresentation of a court reporting

program in which the students were enrolled and for violation of the Louisiana Consumer Protection Law governing unfair and deceptive trade practices. AICS was added as a defendant in July, 1988. The amount of damages claimed are $825,000 plus refund of all tuition, costs of equipment, textbooks, and other fees incurred by the plaintiffs in enrolling and participating in the school's court reporting program, together with attorneys' fees and costs.

The claims against AICS are based on breach of contract, tort or negligence and joint venture, agency or partnership theories.

Co-defendant Acadiana Technical College filed under Chapter 11 of the United States Bankruptcy Code and is not an active participant in the settlement discussions or litigation at this time. In another proceeding with Acadiana, the Accrediting Commission suspended the institution's accreditation. An appeal to the Review Board was temporarily enjoined in July 1990 on the grounds that the suspension action taken by the Commission violated the automatic stay provision of the U.S. Bankruptcy Code since Acadiana was in Chapter 11 status.

Subsequent to the court action, Congress passed legislation which specifically exempted actions by accrediting agencies from the automatic stay provisions. The Commission then proceeded to schedule the Review Board hearing. Acadiana unsuccessfully sought another TRO on the grounds that the new statute could not be applied retroactively. In April 1991, Acadiana filed for Chapter 7 dissolution.

6. Deborah Zizzo v. Watterson College, CareerCom, Association of Independent Colleges and Schools, Marty Ramseck, Dave Perris and Does 1-50, Superior Court of the State of California, County of San Diego, Case No. N45469.

This case was filed on October 29, 1989 by Ms. Zizzo, a former paralegal student at Watterson College, a school accredited by AICS. Plaintiff seeks damages against AICS under negligence and negligent misrepresentation theories. She claims she was wrongfully dismissed from the school's paralegal program because she had been critical of its quality.

At this time, the owners of the school are attempting to settle with Ms. Zizzo. No trial date has been set, and discovery is underway. The plaintiffs have been fined for failing to respond to interrogatories in October 1990.

7. Bridges, et al. v. Jefferson Business College, et al., United States District Court for the Western District of Tennessee, C.A. No. 89-3054-4B.

AICS is a defendant in a class action lawsuit filed by former

students of an AICS-accredited school in Memphis, Tennessee. The first cause of action against AICS is for alleged violation of the Tennessee Consumer Protection Act. Specifically, plaintiffs allege that AICS' accreditation of Jefferson Business College was "materially misleading and fraudulent." The second cause of action alleges that AICS breached a contract with the defendant school, and that plaintiffs were third-party beneficiaries of that contract. Specifically, plaintiffs allege that in accrediting Jefferson, AICS knew the students would rely on AICS to "ensure the academic standards of Jefferson."

A motion to dismiss both counts against AICS was filed on March 29, 1990, and it is still pending.

Attachment #3

U.S. DEPARTMENT OF EDUCATION'S LIST
OF 89 SCHOOLS WITH HIGH DEFAULT RATES
AND HIGH DOLLARS IN DEFAULT

On September 10, 1990, the U. S. Department of Education released the list of the 89 institutions that made up 50 percent of the student loans in default for our sector and 25 percent of the total loans in default.

NATTS

Twenty-nine of the 89 private, postsecondary career schools and colleges listed by the U. S. Department of Education as having high default rates and a high volume of loans in default are accredited by the Accrediting Commission of the National Association of Trade and Technical Schools.

Of these 29 schools:

- All have been visited by a NATTS accrediting team.
- Sixteen of the schools are inner-city schools attended by low-income and minority students. All available research shows that students who are minority, low-income, single heads of households or independent of parental income have a higher tendency to default on their student loans than other students.
- Thirteen are still accredited. Of the thirteen, one is short-term accredited for a period of two years (accreditation is awarded normally for five years).
- Eight have been removed from the accredited list by the Accrediting Commission. Causes for removal (that are not necessarily attributable or limited to these schools) include:
  - financial instability or bankruptcy
  - educational outcomes (poor placement, low graduation and retention rates, etc.)
  - lack of continued compliance with the Standards of Accreditation

  - staff stability, lack of equipment and/or inadequate facilities

- Two are under review by the Accrediting Commission;
- Two are under quarterly monitoring by the Accrediting Commission for areas such as financial concerns, placement and/or retention rates, etc.;
- One has been removed by the Accrediting Commission and ordered by a court to have its accreditation reinstated; and,
- Three are closing and in the process of a "teachout."

AICS

Twenty-four of the 89 schools listed as having high default rates and a high volume of loans in default were accredited by the Accrediting Commission of the Association of Independent Colleges and Schools (two of the schools listed as AICS-accredited were not).

Of these 24 schools:

- Thirteen were closed several months or years before the list was issued;
- Eleven are still accredited;
- All currently operating have been visited by an AICS Accreditation Commission team.
- Four of the eleven are under financial review by the Accrediting Commission (one is in Chapter 11 bankruptcy); and
- Eight of the 24 had default rates of less than 35 percent and two of those eight also have closed. The other six of these eight are still accredited, which means that more than half of the schools on the list still accredited have default rates of less than 35 percent. All but one has a default rate of less than 30 percent.

Attachment #4

HISTORICAL OVERVIEW

Listed below are several of the initiatives NATTS and AICS have undertaken over the past several years.

NATTS Accreditation

While the Accrediting Commission of the National Association of Trade and Technical Schools recognizes that accreditation is a prerequisite for eligibility for federal student financial aid, its role is not to oversee or administer federal financial aid.

For years, federal and state governments and society at large have looked to accreditation to determine if a school meets certain educational measures and sound school practices. The Accrediting Commission's exclusive concerns are educational excellence and institutional integrity. Those concerns have caused accrediting bodies to monitor and act on those schools that fail to comply with their accrediting standards.

Student Complaints: The Commission requires each school to publish in the student catalog and/or handbook the procedures to be followed in lodging a complaint concerning the institution.

Admissions Procedure: Students who have not visited the school facility prior to enrollment will have the opportunity to withdraw without penalty within three days following either attendance at a regularly scheduled orientation or following a tour of the facilities and inspection of equipment.

School Visits: The Commission has significantly increased the number of on-site visits to member institutions. In addition to the regularly scheduled five-year review visits, schools are now routinely visited on a Change of Ownership or the addition of a degree program. Visits are also scheduled when programs are added that are not within the original mission of the school. Annual Report verification visits are made to a statistically significant, randomly selected number of schools following receipt of the Annual Reports.

Codes of Conduct: The Commission drafted and adopted a series of Codes of Conduct for the members of the Commission, team members and members of Appeals Panels as well as staff. The codes reflect the Commission's determination to hold all persons involved in the evaluation process accountable for the integrity of the process.

Bankruptcy: The Commission issues a Show Cause Order to schools that file bankruptcy, requiring a detailed explanation of the institution's plan to alleviate their financial problems. During the term of the Show Cause the school is prohibited from any changes in its status, e.g. programs, ownership, location.

Recruiting Practices: Schools may only use employees in the recruitment activities with commissions for all enrollments predicated on the successful completion of, at a minimum, thirty days of training. The Commission prohibits schools from recruiting prospective students in or near welfare offices, unemployment lines, food stamp centers, and homeless shelters.

Dual Accreditation: The Commission adopted policy developed by the Council on Postsecondary Accreditation (COPA) which requires full disclosure by an institution concerning its past, present and future relationship with any other accrediting commission.

Branches: The Commission has reaffirmed its standards for branch campuses that ensure the main school's responsibility for the branch; ensure that a branch is fully reviewed prior to accreditation; and require that the branch's programs are the same as or related to the program(s) offered at the parent school and has the same name as the main school.

Instructor Qualifications: All instructors must have at a minimum two years of practical work experience or equivalent training in the field being taught and those who are responsible for General Education courses in degree programs, a baccalaureate degree.

Refunds: The Commission requires that schools will refund tuition for the program up to the 75 percent level of the program or course of study.

The Commission has also adopted these procedures designed to expedite the accreditation process and review.

Rapid Response Teams: A pool of qualified individuals is available on an ongoing basis to quickly review schools after the Commission is made aware of potential violations of accrediting standards. This method will enable the Commission to determine the level of potential problems as they develop.

Reporting: Audited or reviewed financial statements are now required. Those reports are required as part of the school's Annual Report and will give the Commission a better idea that a school may be developing a problem(s) which could affect students.

Workshops: Schools that apply for accreditation and seek to renew their accreditation are now required to attend workshops prior to application submission. These workshops are designed to improve the schools' understanding of the accreditation process and its procedural requirements and may lessen delays in the accrediting process. The workshops have also screened out schools that are not serious about applying for accreditation; in 1989, for example, 193 potential applicant schools attended accreditation workshops but only 70 actually applied for accreditation.

Appeals Panel: The Appeals Panel's scope of review of Commission decisions has been focused on the original record before the Commission, and whether the Commission's action was appropriate based on that evidence.

AICS Accreditation

Since 1988, the AICS Accrediting Commission has instituted a number of criteria and policy changes.

Clock to Credit Hour Conversion: The Commission clarified the conversion from clock to credit hours to all member schools and cautioned schools on over-awarding.

Title IV Higher Education Act Programs: A lengthy (13 page) update and analysis (including Q & A) on ability-to-benefit, remedial programs, and English as a second language (ESL) provisions in the Title IV programs was provided to all schools. The Commission also adopted specific guidelines controlling the offering of ESL programs and explained to member schools the federal regulations regarding these types of programs.

Financial Reviews: All AICS institutions under financial review by the Commission are required to seek prior approval before initiating any non-main campus activity.

Recruiting and Admissions: The Commission narrowly proscribed the recruiting and admissions practices employed by member schools and eliminated the practice of canvassing for admissions. Recruiting and admissions were strictly limited to school employees only and recruiters were prohibited from administering admissions tests.

Fast Assessment and Compliance Teams (FACT): These FACT Teams are authorized by the Commission to investigate and report on alleged improper business and educational practices by or at member institutions.

Dual Accreditation: The Commission adopted policy developed by the Council on Postsecondary Accreditation (COPA) which requires full disclosure by an institution concerning its past, present and future relationship with any other accrediting commission.

Educational Services: The Commission established policy regarding third-party contracting for educational services with non-accredited entities.

Satisfactory Academic Progress: AICS member schools are required to apply standards of satisfactory progress to all students, not just to ability-to-benefit students.

New Applicants Visit: All schools applying for AICS accreditation must first undergo a resource (readiness) visit before they proceed with the self-study review.

Required Degree: The Commission requires that instructors teaching computer subjects related to business administration and secretarial science must possess a baccalaureate degree.

Institutional Effectiveness: The Commission adopted criteria by which institutions must demonstrate institutional effectiveness, including retention, placement, and employer satisfaction.

Teach-Out Plans: The Commission requires all instructions on academic or financial show cause to submit a formal teach-out plan. The Commission also stipulates that teach-out plans, retention improvement directives or placement improvement directives may be requested from those schools on financial review.

Accounting Information: The Commission requires schools to submit all financial information based on the accrual method of accounting.

Education Component: Schools must include a general educational component for at least three years in an associate degree program before they can be considered for junior college accreditation.

Appeals Process: After a revision in the appeals procedures, the Commission provided that all negative actions, as defined by the Council on Postsecondary Accreditation, could be appealed to an outside body composed of former commissioners. The policy on confidentiality was also broadened to permit disclosure of accrediting actions to interested parties.

Strengthened Curriculums: The Commission requires all institutions to strengthen curriculums requiring state certification for graduates to be licensed to practice.

Accreditation Workshops: The Commission mandated that all schools seeking initial accreditation or renewing existing accreditation must attend an accreditation workshop.

High Default Schools: The Commission directed interim reviews of all high default (over 35 percent) schools.

Attachment #5

LEGISLATION SUPPORTED BY NATTS & AICS

Public Law 101-166, FY 1990 Labor, Health and Human Services, and Education Appropriations Act.

NATTS and AICS strongly supported several provisions of this legislation, and assisted in drafting one provision:

- Student Refunds. Each institution participating in the GSL programs with a cohort default rate exceeding 30 percent must implement a pro rata refund policy for all Title IV aid recipients. The policy must provide for at least as great a refund as would the policy defined in the Secretary's Default Reduction Initiative.

Public Law 101-239, The Omnibus Budget Reconciliation Act of 1989.

NATTS and AICS assisted legislators in drafting several provisions for this Act, including:

- Loss of Accreditation. An institution cannot be certified or recertified as an eligible institution if that institution has had its accreditation withdrawn, revoked, or otherwise terminated in the preceding 24 months or if it withdrew from its accreditation under a show cause or suspension order during the preceding 24 months unless (a) the institution's accreditation has been restored by the same accrediting agency; or, (b) the institution has demonstrated to the Secretary of Education its academic integrity in accordance with Section 1201 (a) (5) (A) or (B) of the Act.

Institutions with dual accreditation that have either had their accreditation withdrawn, revoked, or otherwise terminated or that withdraw from either accreditation under show cause or suspension order during the preceding 24 months would not be eligible for continued Title IV participation unless conditions (a) or (b) as listed above are met.

- GED Program Required for ATB Students. For schools to remain eligible to participate in any Title IV programs, other than the SSIG and Byrd Scholarship Programs, a school that admits ability-to-benefit (ATB) students must make available to these students a program that is proven successful in assisting them in obtaining a certificate of high school equivalency. Schools are not required to provide in-house GED programs but must ensure that such a program is available to students.

- Default Reduction Program and Loan Rehabilitation. This provision allows for a six month default amnesty program

for defaulted GSL borrowers. A defaulter who otherwise qualifies will be eligible to participate further in Title IV programs if he or she repays in full all the outstanding principal and interest on the defaulted loan(s) during this period. A defaulter who otherwise qualifies may also regain eligibility for participation in Title IV programs by making 12 consecutive monthly payments of a defaulted GSL and if their loan is then sold to an eligible lender.

- 10-Day Check Hold. An institution may not deliver the first installment of an SLS loan to a borrower who has not successfully completed 30 days after the first day of the program of study in the first year of the program of undergraduate education in which the student is enrolled.

NATTS also supported five additional proposals in this legislation:

o No SLS loans to undergraduates enrolled at an institution with a default rate of 30 percent or higher;

o No student may borrow more than $4,000 under the SLS program in any academic year or any period of nine consecutive months, whichever is longer;

o The proceeds of a Stafford or SLS loan must be disbursed in two or more installments regardless of the loan amount or the length of enrollment period for which the loan is made;

o Second or subsequent loan disbursements must be applied to reduce the student's loan balance after a lender or escrow agent is notified by a student or a school that a student has ceased enrollment; and

o Professional judgment may be used by aid administrators in determining aid awards only on a case-by-case basis, and similar cases may not be treated on other than a case-by-case basis.

Postsecondary Disclosure Act of 1990 (H.R. 4629)

NATTS helped to draft this legislation, which was introduced by Representative Chris Perkins (D-KY). The bill would extend the U.S. Department of Education's requirements for the disclosure of completion rates set by the Secretary's Default Reduction Initiative to include all degree-granting higher education programs, not merely those programs which prepare students for vocational, trade, or career fields.

The bill would guarantee that students seeking postsecondary education would have the opportunity to know the completion rates

of the program in which they wish to enroll. The legislation would also further protect students from schools that misrepresent their supposed graduation rates.

The Postsecondary Education Disclosure Act of 1990 was incorporated into The Student Right-To-Know Act (H.R. 1454), which was unanimously passed by the House in June. The bill requires the Secretary of Education to develop definitions and methodologies for measuring graduation rates broken down by program or field of study and by individual school or academic division. It also requires the Secretary to determine the best way to calculate employment rates of recent trade and technical school graduates in their field of expertise. The Secretary would be required to submit those findings to the Congress by October 1, 1991.

"This legislation will safeguard students who can be vulnerable consumers and unprotected citizens on traditional college campuses," said NATTS President Stephen Blair in support of the bill. "Disclosure of graduation rates across the spectrum of postsecondary institutions would enable students to determine whether their prospects of completing a given program are favorable. The legislation would provide students with valuable consumer data and help to ensure productive use of federal student aid dollars." The bill was signed into law in Fall, 1990.

Student Loan Abuse Prevention (SLAP) Act.

NATTS supported this legislation designed to halt abuses in the federal student loan program, sponsored by Rep. Lawrence Smith (D-FL) last May. In a news conference to announce the legislation, NATTS President Stephen Blair said, "A few bad apples in the private career college and school sector hurt the efforts of the majority. NATTS fully supports the Department of Education in closing the doors of schools involved in fraudulent activity."

This legislation was incorporated into the Student Loan Reconciliation Amendments of 1989 in P.L. 101-239 and became effective September 21, 1990. Under this new regulation, the Secretary of Education is authorized to use emergency action to prevent misuse of funds by suspending federal student aid funds from a school if there is reliable information that the school is violating the law. On October 4, 1990, Secretary Lauro Cavazos suspended federal aid funds to 14 schools under this regulation. The schools will have an opportunity to show cause why the sanction should be lifted.

<u>Default Reduction</u>

NATTS supported the Department of Education's Default Reduction Initiative proposed in June, 1989. Under the initiative,

regulations called for institutions with default rates between 40 and 60 percent to reduce their default rates by 5 percent each year for five years; institutions with rates over 30 percent to implement prorated refund policies; and institutions with rates above 20 percent to develop default management plans.

"These regulations are tough and will have an adverse effect upon a number of schools," said NATTS President Stephen Blair. "However, we are confident that these regulations will help to substantially reduce the defaults that are caused by the weaknesses in the current program."

The ED regulations also require that all institutions which offer vocational education programs list completion rates, placement rates, and state licensing requirements to all students. This requirement was not made of baccalaureate programs. "Parents who enroll their children in traditional four-year degree programs should have access to the same performance results expected of programs of less than four years. These degree programs should have the same consumer disclosure rules as private career colleges and schools," said Blair.

Attachment #6

QUALITY INITIATIVES

Since 1988, the Association of Independent Colleges and Schools (AICS) has been in the forefront of the quality movement in postsecondary education. In the spring of 1988, the AICS leadership convened a Quality Symposium, the first of its kind in any sector of education. That symposium was followed by the 1989 publication of Quality Assurance for Private Career Schools, an attempt at relating industrial quality assurance to the operation of independent postsecondary institutions. This book was complemented by 12 quality assurance workshops held in various locations throughout the country.

Similarly, the AICS Accrediting Commission has been in the forefront in the measurement of educational outcomes and their relationship to overall institutional effectiveness. While other sectors of postsecondary education debated the issue, AICS developed new accreditation criteria, effective in 1990, requiring institutions to be able to demonstrate satisfactory student retention and placement rates, skills and knowledge gained as a result of the instruction at the institution, and satisfaction by employers and graduates with the education received.

The most recent piece of the quality initiative has been the creation of a self-paced, campus-based faculty development package for use by AICS institutions. This package has been an attempt to bring quality to the classroom level. It is delivered to instructors either individually or through group in-service programs, and was complemented by a series of workshops in various locations around the country. The package has been met with unusual enthusiasm, and, like all of the quality initiatives, will be expanded and refined as AICS meets the challenges of the '90s.

Attachment #7

CONSUMER INFORMATION

In 1989, NATTS published Getting Skilled, Getting Ahead, a student's guide to selecting a career and the right private career school. Since then, the book has been a phenomenal success.

In an easy-to-read format, Getting Skilled, Getting Ahead provides prospective students with information on the careers in demand, and helps them determine what career is right for them. The book also includes a step-by-step process students can use in locating and contacting the private career school that will provide the technical education they need; questions students should ask when evaluating any postsecondary institution; information students need to understand institutional requirements; and how students can obtain financial aid and the responsibilities involved with a loan.

U.S. Senator Paul Simon has called Getting Skilled, Getting Ahead "the best consumer resource guide available." Last year, the Department of Education obviously agreed with Senator Simon; instead of introducing its own consumer information book, the Department publicly endorsed Getting Skilled, Getting Ahead and made the publication available, free of charge, through the U.S. Consumer Information Center. As of October 1990, more than 200,000 copies of Getting Skilled, Getting Ahead have been distributed by the Consumer Information Center, making the book its most requested publication ever.

Senator WELLSTONE. Thank you. [Applause.]

What David has said about MAPPS is far more than public relations. I think it is a model—I think people know that and not just people here in Minnesota. I do want to come back to you later and get a little clearer definition of what in your mind is punitive legislation. We need to talk about that as to the direction we go in and don't go in.

Ms. Grimes.

Ms. GRIMES. Senator Wellstone, I am Tricia Grimes from Roseville, MN. I am a policy analyst on the staff of the Minnesota Higher Education Coordinating Board, and I very much appreciate the invitation to testify.

The Higher Education Coordinating Board is the State agency in charge of planning and coordination of postsecondary education in Minnesota. The board makes recommendations to the Governor, the legislature, the postsecondary systems and institutions. The board also administers State and Federal postsecondary education programs, including Minnesota's student financial aid program.

In recent years there has been growing concern about the cost of the Federal Guaranteed Student Loan program. There has been particular concern about the cost of defaults on student loans. The Federal Government regulates student loan defaults by imposing absolute standards. Institutions are either within the standard or outside the standard. For example, students at an institution with a default rate of 35 percent are ineligible for Stafford loans. Students at an institution with a default rate of 34 percent are eligible.

The Federal Government could use performance scores instead of absolute standards. Performance scores provide a way to recognize institutional and student diversity. Performance scores also shift the focus away from penalties and toward incentives. Performance scores could give additional points to institutions that perform well on Federal loan policy goals. For example, institutions would receive points for low default rates, but also for improved default rates, and for providing additional support to students facing challenges to success.

Institutions with high scores would be rewarded by having reduced reporting and other regulatory requirements. Institutions with medium scores would be subject to additional reporting and auditing requirements. Students attending institutions with low scores would not be eligible to receive loans.

Rewards for high performance could also include increased allocations of campus-based aid, reduced loan origination fees for students at those institutions, and reduce loan insurance fees. Performance scores could even be used for lenders and guaranty agencies. The scores could be used to determine special allowance payments, administrative cost allowances, and the percentage of reimbursement for default claims.

There is growing reluctance on the part of lenders to make loans to students at institutions that serve at-risk students. The reluctance to lend to students at these institutions stems from current Federal requirements providing sanctions for high default rates. If performance scores applied to lenders, lenders could receive points for lending to students at institutions that serve at-risk students.

Performance scores would provide incentives for institutions and lenders to enable at-risk students to succeed. They would also provide incentives to lower default rates. Current Federal sanctions provide little incentive for institutions to improve performance if they do not have default rates higher than those specified in regulations.

Now I'd like to turn from performance scores to default statistics. The Federal Government needs to use default statistics that make sense. Current default statistics are based on 1983 agreements between guarantee agencies and the Federal Government. The data are limited because guarantee agencies can only provide data that is reported to them. Useful information is lacking.

There is need for a process to develop consensus on the definitions and calculation methods used in computing default statistics. Financial aid administrators, lenders, guarantee agencies and the U.S. Department of Education should participate in such a process. Perhaps the process could be modelled after the one used in developing the uniform methodology needs analysis. In developing uniform methodology, many knowledgeable people worked on developing an acceptable set of definitions and decision rules. The process was not perfect, but it had credibility. Current default statistics do not have credibility.

From default statistics, let me turn to risk-sharing. The Bush administration's fiscal year 1992 budget would require States to back their designated guarantee agency with the full faith and credit of the States. If States failed to do this, institutions licensed in their State would have to pay a risk-based premium. The Department of Education would charge premiums to help cover the guarantee agencies' risk.

The Constitution of the State of Minnesota does not permit using the full faith and credit of the State to back a guarantee agency. Since the full faith and credit of the State is not available, adoption of the risk-sharing proposal would mean that Minnesota postsecondary institutions would have to pay risk-based premiums. The institutions in turn would be likely to increase student fees to cover the premiums. Is it reasonable to increase costs for Minnesota students and institutions to participate in student loans?

I will finish by returning to my original point. The Federal Government should establish performance incentives for guaranteed student loan programs. Participants that perform well should not be subject to added cost and regulation. [Applause.]

Senator WELLSTONE. Thank you very much. I appreciate your testimony.

I was looking over at Congressman Penny while you were speaking, and there were about eight points I think I'd like to pick up on from what you've said, but we'll move on and come back to all of this.

Senator WELLSTONE. Mr. Johnson.

Mr. JOHNSON. Again, thank you, Senator Wellstone, for the opportunity to appear before your committee.

My name is Herald Johnson, and I am the director of student financial colleges at Augsburg College in Minneapolis. I also serve as president of the Minnesota Association of Financial Aid Administrators. In that regard, you have been previously provided with our

position on reauthorization as a State association, which was unanimously adopted by all sectors represented there.

My comments today, however, are as an individual financial aid officer. As we approach the reauthorization of the Higher Education Act, there are a number of issues that need to be addressed. I am concerned that the current financial aid programs no longer adequately support the dream of a great many Americans to obtain a postsecondary education.

The history of Federal student aid legislation and appropriations indicates a strong and growing Federal role in the financing partnership for postsecondary students from 1958 until 1980. Since 1980 the Federal role seems to have been limited to increasing the availability of student loans and increasing the complexity of the regulations and the application process for students. This has resulted in relatively stable grant and work-study funding and dramatic growth in student borrowing.

During these 10 years since 1980, all schools experienced dramatic pressures on their respective institutional budgets which resulted in significant cost increases to students. Now let me just talk a little bit about Augsburg.

We are kind of a different independent school. We represent a student body that is not too different from the schools that you have heard about this morning. We have 3,000 students. Fifty-three percent of our students are independent and fall into many of the descriptions you have heard this morning, and we draw primarily from the 5 State area.

In 1979–80, our students received about $1 million in Federal grant dollars, while in 1989–90, our students received $1.5 million. During that same time it was necessary for the institution to increase tuition and fees by 619 percent, while Federal grant support represented a 51 percent increase. That parallels what others have said this morning.

Simply stated, the Federal commitment did not keep pace with actual costs to students. The years previous to 1980 witnessed a growth in the Federal commitment to students that more closely represented the changes in costs. At the same time, there was a rapidly changing ratio in the balance between loans and granted to an imbalanced and unreasonable dependence on student loans.

I am calling for a redress in Federal policy regarding support of postsecondary students. Let us return to a more equitable balance of grant to loan and create innovative ways for students to retire their student loan indebtedness. Let us return to a recognition that Federal support of student employment is both in the national interest and serves as a positive influence on persistence and provides trained workers for future employers.

The appropriation for the college work-study program has not only not increased; it has not kept pace with federally-mandated increases in the minimum wage.

With respect to loans, let us recognize that student borrowing is only one part of the financial partnership needed for a student to achieve his or her educational goal. It is reasonable to expect a student to contribute to his or her education; however, it does not seem reasonable nor is it in the national interest for a significant portion of our population to be so loaded with debt that it would

prevent them from participating in the American dream that we have implied is available to them.

I propose that the Federal Government take the initiative in forging a new partnership among business and industry, foundations and government, by forming a student loan repayment superfund. The purpose of this fund would be to provide capital to which students could apply for loan repayment, not cancellation. Eligible students would be those who choose and are employed in careers that meet a particular national need.

What I am proposing is not totally new, but capitalizes on several proven ideas, bringing them into a unique plan. The eligible students are those who are working in careers that meet a national need. These careers would be determined annually by a panel of experts, possibly from the departments of education and labor.

The eligibility limit would occur over a period of 5 years. A student could have the entire indebtedness repaid to the respective lenders based on continuing employment in a chosen career with a percentage repaid each year. The precedent for this plan is in the Perkins Loan Cancellation Program.

The funding would come from a partnership of business and industry, foundations and government. The formula would be derived in consultation with interested entities. Other sectors could be approached for their participation—for example, unions, fraternal organizations and such.

The goal is to create a large enough fund which, with proper investment management, could in time self-perpetuate and still meet the student demand for loan repayment. Such a plan could work well with the current administration proposal for a direct student loan program. A program with proposed significant operational costs, such as the direct loan program, matched with an innovative repayment option, could help restore public confidence in the Federal commitment to students.

Student financial aid is a worthwhile investment of the public dollar. Let us renew this commitment through a more reasonable grant-loan ratio and a simplified application process for students and innovative loan repayment options for student loans. This is a program with positive incentives and positive results. Instead of paying for defaulted loans, the superfund would be investing in the national interest by assisting students who choose occupations that meet national needs. Instead of debt-burdened students who are working to pay off their loans, their resources would be contributing to the national economy. Instead of students seeking employment based on potential income, they would have the incentive to enter careers that meet national needs, knowing that their choice of a career was not dictated only by economic realities.

In summary, I call for a renewed Federal commitment to assisting students to finance their education. This is not just another plea for more money, but it is a plea for creative collaboration, deliberate and real simplification in the process of applying for financial aid, and a redirection of the national policy regarding student aid.

Thank you, Senator.

[The prepared statement of Mr. Johnson follows:]

Prepared Statement of Mr. Johnson

Senator Wellstone, thank you for the opportunity to present testimony before the Subcommittee on Education, Arts and Humanities of the Committee on Labor and Human Resources. My name is Herald Johnson and I am the Director of Student Financial Services at Augsburg College in Minneapolis. I also serve as the President of the Minnesota Association of Financial Aid Administrators.

As we approach the Reauthorization of the Higher Education Act of 1965 there are a number of issues that need to be addressed. I am concerned that the current financial aid programs no longer adequately support the dream of a great many Americans to obtain a post-secondary education. The history of federal student aid legislation and appropriations indicates a strong and growing federal role in the financing partnership for post-secondary students from 1958 until 1980. Since 1980 the federal role seems to have been limited to increasing the availability of student loans and increasing the complexity of the regulations and the application process for students. This has resulted in relatively stable grant and work-study funding and dramatic growth in student borrowing. During these 10 years since 1980 all schools experienced dramatic pressures on their respective institutional budgets which resulted in significant cost increases to students. For example, in 1979-80 Augsburg College students received $1,025,794 in federal grant dollars while in 1989-90 our students received provided $1,555,962. During that same time it was necessary for the institution to increase tuition and fees by 619 percent, while the federal grant support increased by 51 percent. Simply stated, the federal commitment did not keep pace with actual costs to students. The years previous to 1980 witnessed a growth in the federal commitment to students that more closely resembled the changes in costs. At the same time there was a rapidly changing ratio in the balance between loans and grants to an imbalanced and unreasonable dependence on loans.

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I propose that the federal government take the initiative in forging a new partnership among business and industry, philanthropic foundations, and government by forming a student loan repayment "Superfund". The purpose of this fund would be to provide capital to which students could apply for loan repayment. Eligible students would be those who choose and are employed in careers that meet a particular national need.

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Eligible Students are those working in careers that meet a national need. These careers would be determined annually by a panel of experts from the Departments of Education and Labor.

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Funding would come from a partnership of business and industry, major foundations, and government. A formula would be derived in consultation with the interested entities. Other sectors could be approached for their participation; e.g. unions, fraternal organizations, etc. The goal is to create a large enough fund which, with proper investment management, could in time, self-perpetuate and still meet the student demand for loan repayment.

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In summary, I call for a renewed federal commitment to assisting students finance their education. This is not only just another request for more funds but a plea for a creative collaboration, deliberate and real simplification in the process of applying for financial aid, and a redirection of the national policy regarding financial aid.

Senator WELLSTONE. Thank you very much, Mr. Johnson.

You come out here to Minnesota, and it gets exciting; it is really exciting to hear a number of ideas that I hadn't really been thinking about.

I'll start—and actually, anybody can enter into this discussion at any time—quickly, on the superfund, the source of the capital is a partnership—I have a couple questions for you, if I could.

Mr. JOHNSON. First of all, I am not a financing guru, but my idea is that we could persuade major corporations, foundations and the United States Government to create a pool of funds to which students could apply for loan cancellation—actually, that is an incorrect term—loan repayment of the Federal student loans that they have borrowed if they are in careers that meet a national need. Some examples might be in certain parts of the country there is a critical need for nursing students; in certain parts of the country there is a critical need for science teachers and math teachers. All of higher education is facing an aging faculty, which means that in a very few years we are going to need a lot more Ph.D.'s in a lot of specific areas to teach, and that is a very real issue. There may be a variety of careers that could be chosen that where students choose to go into those careers, they can have a portion of their loans canceled.

Senator WELLSTONE. This is a question that I know you are kind of an expert on, and I think I really need to ask—what has been the history of loan forgiveness programs in this country?

Mr. JOHNSON. Outside of the GI Bill, the first financial aid program was the National Defense Education Act in 1958. Interestingly enough, it was a rider to a defense bill. The language at the time from President Eisenhower was that the key ingredient in our Nation's defense was an educated populace. That was part of the rhetoric that justified passage of that bill. In that program, which now has been renamed a couple of names, and we now know it as the Perkins Loan program, there was a provision by which students who went into teaching would receive a cancellation of their loans, and students who taught in poverty area schools would receive complete cancellation—that is, over 5 years, 100 percent of it was canceled. Students who did not teach in poverty area schools had half of the note canceled. So it was intended to meet a national need at that time. It worked extremely well, and it still is working very well. Several of those provisions are still in place.

Senator WELLSTONE. It is interesting because we almost go backward to go forward. In other words, built into national defense or national security was the idea of investment in education. I think you want to broaden that definition in terms of what would be public service work or whatever the case might be; is that right?

Mr. JOHNSON. Correct.

Senator WELLSTONE. I'm not sure how we would define that. Do you have any sense of that?

Mr. JOHNSON. Well, I think it would require that we take an annual assessment of where the critical needs are in terms of careers, and it would require the expertise of people who are somewhat futurists, who could say these are the people who are going into certain fields now, and we know that in a certain period of time we're going to have so many people out of those fields; we guess at what the projected need would be in five or 10 years, and provide incentives for students to go into those careers.

Senator WELLSTONE. I have two questions for Tricia. I asked David about punitive versus nonpunitive, and it seems like in a way you were getting at that. I really like the idea of trying to reduce the default rate, but at the same time not doing it in such a way that you essentially begin to cut off access to loan or grant money for low or moderate-income students.

What kind of reaction have you gotten so far to your concept of performance scores as a way of beginning to do that? And I also would be interested, David, in your reaction to this proposal. So could the two of you engage in a discussion about this?

Ms. GRIMES. Senator, I think there is some concern that performance scores might set up a complicated and cumbersome reporting mechanism and something that would be expensive for the Department of Education to administer, and I think it would be necessary to guard against that. But I think it would be possible, through a number of statistics that are currently reported by institutions to the Federal Government such as applicants and recipients by how many are low-income and a whole set of income data is currently reported by institutions in a things called the FISAP, a report that they have to make to the Federal Government——

Senator WELLSTONE. What's that called? Is everybody getting the acronyms here? [Laughter.]

Ms. GRIMES. The FISAP is the Fiscal Operations Report and Applicant to Participate that institutions have to submit as part of participating in the campus-based programs. And on the FISAP there is information about income status of students. Now, the income status of students could be used as a reasonable proxy for the numbers of at-risk students that institutions are committing themselves to work with.

In a similar matter, we are already collecting default statistics. If the default statistics were credible, they could be used as a basis for performance scores.

Senator WELLSTONE. OK—which is something I saw all of you kind of nodding in agreement about the default statistics being not so credible.

David.

Mr. KROGSENG. I think Tricia's proposal is fascinating. In fact, I shared it with some people in Washington earlier this week. I do

have some serious reservations about the department's ability to administer something like this. I think part of the problem with the current situation in general has been because the department has not really been enforcing the laws that have been on the books for the last several years.

But I think it is a fascinating concept. There is just no question that the Guaranteed Student Loan program, or the Stafford loan program, was established to provide educational opportunity to people who were having a tough time getting the opportunity for their education, and what has happened now with some of the actions that have been taken, as Tricia pointed out——

Senator WELLSTONE. Excuse me just for one second. Can everyone hear? I'm sorry. I think you might have to get a little closer to the microphone.

Mr. KROGSENG. OK. The GSL was established to provide educational opportunity for disadvantaged and minority students, or provide that opportunity for kids who wouldn't ordinarily have it. And what you are seeing now is, as Tricia pointed out, come July 1st, schools that have a default rate in excess of 35 percent for the third year in a row will lose their eligibility, and significant number of those schools are schools with a very high rate of disadvantaged students, and they are the ones who are going to get hurt. We don't have a school in Minnesota, fortunately, on that list. TCOIC was on the list, but they are no longer a part of the program because they got out of it. But for instance, if TCOIC were still in the program and they had a high default rate for 1987-88, and it comes out July 1st they have another 35 percent, they will lose eligibility. And that is a 100 percent minority program. That is the kind of program that is going to be hurt.

So something has to be done, and I think what Tricia has outlined is a potential answer for at least part of that problem.

Senator WELLSTONE. It is a pretty blunt instrument, the present course.

Mr. KROGSENG. There are some 300-plus schools on that list right now that are in jeopardy. A significant number of them are public institutions as well as the ones in our sector. But I think if you were to take a look at that list and take a look at the schools on that list, you'd find a significant number of them were serving the very type of student the program was designed to serve in the first place.

Senator WELLSTONE. Just two final questions. I had said earlier, David, that I wanted you to spell out what you meant by "punitive." Is this what you're talking about, or did you have something else in mind?

Mr. KROGSENG. No, I really wasn't referring to that as much as I was some of the other items, like in reporting of placement data, it is a different system for publics and privates.

Senator WELLSTONE. So from the point of view of MAPPS, could you spell out a little bit more what you have in mind?

Mr. KROGSENG. Let me give you a better one because there is a proposal floating around in Washington that would require that we have a 60 percent graduation rate from some of our programs in order to maintain eligibility. The national rate for four-year institutions is significantly less than 50 percent, and I think that is a

difference—why should that kind of thing exist? Pro rata refunds—I know that that is a code word for a lot of fear among a lot of institutions. But in Minnesota, we have a pro rata refund, and we are convinced that it is a significant factor in our low default rate. Why shouldn't that apply across-the-board?

All we're asking for is a level playing field. We think that we have the quality and the wherewithal to provide the job training for the future, and all we want to do is have the potential student be able to take a look at it all and determine which is best for him or her, and that the standards are the same.

Senator WELLSTONE. One final question for Tricia. This obviously caught my attention, and I'm not sure I followed the argument all the way. The State needs to make the commitment to back the guaranty agency with full faith and credit, but the Minnesota Constitution says the State can't do that. That is something that I need to understand pretty well going back to Washington, DC.

At one of the committee hearings when Lamar Alexander came in to testify, I did have some back and forth discussion with him where I took the proposal in a different direction. I said that States were under a lot of fiscal pressures these days, that it had been a whole decade of more and more responsibility with fewer and fewer resources, and that I thought the Federal Government had a lot to do with the defaults because by cutting the grants and even moving away from the lower interest loans it should have been predictable; it really should have been quite predictable. I'm sure there are some students—we can always find people who could have paid and should have, but in general it should have been predictable that many wouldn't be able to. So now why are you going to the States; you are the ones that messed it up. That was my point.

But now you are actually adding something quite significant to this. We really need to make it clear in Washington that Minnesota is going to be put in a terrible bind. Is that right?

Ms. GRIMES. That's correct.

Senator WELLSTONE. We've got this on full faith and credit from all the constitutional lawyers——

Ms. GRIMES. Yes. I talked to the leading constitutional law expert over at the Minnesota House of Representatives, and he said that yes, indeed, it is unconstitutional. And of course, we know that amending the Minnesota Constitution these days for anything other than gambling is very difficult to do. [Laughter.]

Senator WELLSTONE. Now, now. Hey, go ahead—use it for a forum for whatever. [Laughter.]

That is really an incredibly important point that you are raising.

I would like to thank all of you for your testimony, and I think now I need to add something that I wish I had said to each panel before. We are going to definitely need to get back to you as we work on this legislative front. We'll go from here, and this summer we'll be writing the legislation, and I would really like to go back and forth with you and have you take a look at some of the proposals because there are some great ideas here.

Thank you very much.

We'll now move on to the next panel. Elaine Salinas is the education program officer with the Urban Coalition. Mick Endersbe is

president of the Minnesota Association of Educational Opportunity Program Personnel. Jill Naylor is director of Upward Bound, Minneapolis Community College. And Janet Tauer is director of the Educational Opportunity Center, Minneapolis Community College. I really thank you all for being here.

Ms. Salinas, please go ahead.

STATEMENTS OF ELAINE SALINAS, EDUCATION PROGRAM OFFICER, URBAN COALITION; MICK ENDERSBE, PRESIDENT, MINNESOTA ASSOCIATION OF EDUCATIONAL OPPORTUNITY PROGRAM PERSONNEL, AND DIRECTOR, TALENT SEARCH, MANKATO STATE UNIVERSITY; JILL NAYLOR, DIRECTOR, UPWARD BOUND, MINNEAPOLIS COMMUNITY COLLEGE, AND JANET TAUER, DIRECTOR, EDUCATIONAL OPPORTUNITY CENTER, MINNEAPOLIS COMMUNITY COLLEGE

Ms. SALINAS. I would like to thank you for the opportunity to testify today on reauthorization of the Higher Education Act. I would especially like to thank you for the opportunity to talk about a system, the K-12 system, and a number of young people who won't have access to that system because of what is happening in K-12 education today.

I think all of us sitting in this room are the fortunate ones. Although there may be financial aid problems in higher education, many of us who are sitting here either have had the opportunity or are currently experiencing the opportunity to participate in postsecondary education.

I have been asked today to talk about the educational pipeline which pumps some students through to successful postsecondary enrollment and completion while filtering others out. This filtering out process, surprisingly, occurs with about 66 percent of Minnesota's students, including the 10 percent of Minnesota high school students who drop out each year, the 34 percent who graduate but don't enter into four-year college programs, and the 22 percent of young people who drop out of college before completing their degree program.

While some of this group do eventually receive further education and training, the earning power and life chances of the majority have been significantly reduced by the age of 25 through lack of appropriate postsecondary opportunities.

Needless to say, low-income young people and young people of color are significantly overrepresented within this group.

News of the failure of the American education pipeline was first brought to the public in a 1983 report entitled "A Nation at Risk" which documented the performance lag of American students when compared to that of students in other major industrialized nations. Most Americans were shocked to learn that American students could not hold their own against the students of less affluent nations and were very fearful of a future in which the United States would not be able to maintain its competitive edge.

While Minnesota continues to fare better than other States in the area of education, many are now arguing that a 34 percent return rate on a K-12 investment of nearly $50,000 per student is simply unacceptable.

Confronted with the realities of the situation, Americans and Minnesotans particularly have been quick to respond. Education professionals and the business sector have come forth with numerous proposals on how and where to fix the educational pipeline.

There are three notable trends. At the postsecondary level, experts have argued and won the battle to establish higher standards for institutions and students. The Commitment to Focus initiative of the University of Minnesota and the more recent Q7 program in the State university system are two Minnesota examples.

The second trend is focused at the junior and senior high levels, where most still believe the postsecondary pipeline begins. Because American students are particularly deficient in math and science areas, postsecondary institutions and community agencies have begun to offer a number of enrichment-type programs designed to encourage primarily minority student interest and achievement. The Minnesota Minority Education Partnership, which publishes an annual directory of enrichment programs, reports an increase of over 200 percent in the number of such programs over the past 4 years.

The third and perhaps most pervasive trend is school or learning readiness programs which focus on better preparing very young children for successful school experiences. What differentiates this third trend from the other two is its recognition that the potential for success in the educational pipeline is established early in life—some experts would say as early as the prenatal period.

While we have long had models of successful preschool programs such as Head Start, there is a growing movement toward making learning readiness programs universal. The Omnibus School Aid bill passed by the Minnesota Senate this week in fact includes $37 million for learning readiness programs.

While some of the previously mentioned trends are more positive than others, they all share education's traditional approach to problem-solving—an overemphasis on inputs to the exclusion of other concerns. The thinking goes: If we can only improve the quality of the students coming into our systems, the educational pipeline will do its job.

This thinking is becoming less and less valid with each passing year. The fact is that public education in this country is intentionally interwoven with barriers to success for all. It produced and continues to produce the level and strata of success required by the economy of the past.

In order to meet the demands of the economy of the future—the global economy—major overhaul and restructuring will be required.

The current focus on improving inputs in education must be balanced with an equally energetic focus on changing the system to promote and accommodate success for all. Out of all the places that we might begin, I would recommend as a first step the dismantling of all the structures and practices that we know are harmful to children. The two most common of these practices are grade retention and ability grouping. Let me speak first about grade retention by presenting an example.

In 1987-88, Minneapolis public schools retained 858 elementary students. Not surprisingly, the vast majority of these students, 77

percent, were low-income and students of color. In the long-term, the retention of these students will cost Minnesota taxpayers well over $3 million—the cost of providing an extra year of schooling to each of these young people.

I along with most other Minnesotans would be willing to pay these additional costs to ensure better educational outcomes for these children. However, this is not the case. While a small number of students may benefit from grade retention, the vast majority will not only not be helped—they will be harmed. National data indicates that students retained at grade level are three times more likely to drop out than their academic peers who have been promoted. Students who drop out prior to completion of high school are the students most failed by our educational pipeline.

The second and equally harmful practice that I want to address is ability grouping. Ability grouping is the process of assigning students to homogeneous groups based on their performance in a given subject area, usually reading or math. Educators have known for quite some time that ability grouping is harmful to the self-esteem and achievement of students, but rationalize the practice by saying that the range of student ability in any given classroom is so great that it is the only way that teachers can organize their instruction.

Perhaps the most destructive aspect of ability grouping is that it leads to ability tracking for individual students. A student assigned to a remedial math group 1 year is very likely to remain in the remedial track in math throughout his or her school years. The reason for this is that students tend to perform to the level of those around them and to the expectations of teachers.

A couple of years ago I attended a conference in Chicago at which one of the researchers for the Second International Mathematics Study was a presenter. In addition to all of the negative things I already knew about ability grouping and tracking, I was astounded to learn from her presentation that out of all the industrialized nations participating in the study, the United States was the only one to have remedial math classes. As part of the study, observations were done in a sampling of such classes. The finding was that students in remedial classes were introduced to only 15 to 20 percent of the mathematical concepts taught to their peers in higher ability groups.

The presenter concluded her comments by saying that in American education, the less students know, the less we teach them.

The type of commentary I have provided today usually makes public school educators either angry or uncomfortable. My comment that it was never the intent of public education to provide success for all is often challenged, and I share the experience I have just shared with you about the Chicago conference. I am cynical enough to believe that education in the United States has been driven primarily by economics rather than equity concerns. For this same reason I am thoroughly convinced that education will change dramatically over the next decade.

In 1989 *Business Week* magazine published a special edition entitled, "Endangered Species: Children of Promise," devoted to discussion of the crisis in the American education pipeline. I would like to close my comments today by reading a segment by Denis P.

Doyle of *The Hudson Institute*. He wrote: "Our schools are in trouble not for reasons of poverty. The Nation is not poor. They are in trouble not because our children are second-rate. Our children are as able as any in the world. American education is in trouble because the world around us has changed irrevocably while our schools have not." [Applause.]

Senator WELLSTONE. That was very powerful testimony. Thank you.

Mr. Endersbe.

Mr. ENDERSBE. I think we found the right order, Senator. That will be a nice thing to follow.

Good morning, Senator Wellstone. My name is Mick Endersbe, and I am president of the Minnesota Association of Educational Opportunity Program Personnel, and director of the Mankato State University Talent Search Program. I'd like to thank you for the opportunity to testify before you concerning the reauthorization of the Higher Education Act, particularly as it pertains to special programs for disadvantaged students.

It has been my experience as a university faculty member and staff member of three TRIO programs that success in college is more a function of a student's academic preparation and the availability of academic and social support systems in the home and school than one of intelligence. Unfortunately, even the most intelligent low-income first-generation individual may lack the necessary preparation and support to experience postsecondary success simply as a result of lack of adequate role models or by geographical restrictions. Rurally isolated students, for example, may have never seen a college campus before they graduate from high school, and for students from families in which neither parent has attended a post-secondary institution themselves, there may be no impetus to seek one out.

As higher education strives to meet the demands of a changing society, leaders from business, education and political communities are deliberating over the desired outcomes of our current and future educational systems. Central to all of their concerns is the preservation of a strong economy and the high quality of life in America.

However, in our quest to raise the quality of education, we must be careful not to simply raise our expectations, without considering the obstacles preventing low-income individuals from achieving educational excellence.

Ernest Boyer, president of the Carnegie Foundation for the Advancement of Teaching, once said: "To talk about school reform while ignoring poverty is dangerously to misdiagnose the problem. To disregard the tragedy of poor children is to imperil the future of the Nation."

Obstacles facing low-income individuals from families in which neither parent has completed college include lack of parental support, lack of adequate role models, insufficient educational planning information and inadequate academic preparation. In an attempt to alleviate these barriers to educational success, Title IV, Part A of the Higher Education Act of 1965 created special programs for students from disadvantaged backgrounds, commonly known as TRIO programs. Today, TRIO programs include: Educa-

tional Opportunity Centers, the McNair Post-Baccalaureate Program, Student Support Services, Talent Search, and Upward Bound.

In fiscal year 1991, nearly 600,000 students will receive services from projects funded by TRIO appropriations. Of these 600,000 students, approximately 246,000 will be Black, 210,000 will be White, 102,000 will be Hispanic, 24,000 will be American Indian and 18,000 will be Asian. 14,000 of these students will have physical disabilities, and two-thirds of the 600,000 students will be from low-income families in which neither parent has graduated from college. Housed in 900 institutions of higher education and 80 community agencies, TRIO programs have demonstrated substantial success working with students from groups which have been traditionally underrepresented in higher education. While the number of students currently served by TRIO programs is impressive, it represents only a fraction of the estimated 10.2 million low-income first-generation individuals aged 12–19 living in the United States.

Clearly, time and testimony indicate that the TRIO programs have developed a formula for addressing the needs of students from disadvantaged backgrounds. However, as we move toward the 21st Century, we must realize that the future of our Nation is depending on students currently in our elementary and secondary schools. Statistics compiled by the Midwest Association of Student Financial Aid Administrators shows that one in four of these students live in poverty; 14 percent are children of unmarried parents; 10 percent have poorly-educated or illiterate parents, and one-quarter or more of them will not finish high school.

As TRIO programs continue to strive to prepare well-educated, well-trained workers, the challenges facing them continue as well. Recent increases in TRIO programs have helped recoup the 20 percent loss of funding experienced during the 1980's. However, there are still several areas that must be addressed for these programs to maintain and increase their effectiveness. The following recommendations reflect my concerns as a TRIO program director and as president of the Minnesota Association of Educational Opportunity Program Personnel, and the expressed concerns of my colleagues working with disadvantaged students in the State of Minnesota.

First of all with regard to early intervention, most of us involved in education have come to the realization that the problems that high school students were experiencing 10 years ago are some of the same problems experienced by junior high and elementary school students today. This trend, combined with changing demographics, changes in the family and the increased demand for educated workers particularly with strong math and science backgrounds, make it increasingly apparent that intervention must begin as early as the elementary grades. Students must know at an early age that college is a realistic alternative for them and that work habits and academic preparation are necessary components of that success.

Recently, changes in the Federal laws allow Talent Search programs to serve students as early as 12 years old who have completed 6 years of elementary school. Upward Bound currently serves students who are age 14 and who have completed 8th grade. It is my recommendation that the age limitation for Talent Search in-

clude individuals who are at least 11 years old, who have completed 5 years of elementary school, and the lowering of the limitations for Upward Bound to include individuals who are at least 12 years old, who have completed 6 years of school. This change would coincide with the middle school concept and would allow for the development of adequate academic habits and the establishment of proper role models at a critical time in these students' lives.

With regard to strengthening the programmatic accountability, as the success of TRIO has become increasingly evident, there is a movement toward increasing the number of programs and the people served. At the same time, however, many existing programs have experienced the budget cuts and low-level funding of the 1980's. As a result, many programs are not funded at the level necessary to adequately serve their participation. Educational Opportunity Centers, for example, currently have a counselor-to-student ratio of one-to-133. One in five qualified Upward Bound students is accepted into that program because of insufficient funding, and Student Support Services face counselor-to-student ratio problems as well.

I would recommend that when funding new programs, all grants be funded at a base grant level of $300,000, or at the level requested by the institution. Further, I would recommend that in years when TRIO appropriations exceed the current services levels, such as years when increases are greater than inflation, the funds be utilized to bring existing programs to adequate levels of funding. Programs that are not adequately funded cannot adequately serve their students.

Finally, in keeping with America's goal of being first in the world in the area of mathematics and science, it would seem appropriate to require substantial mathematics and science components in all Upward Bound proposals.

Strengthening administrative accountability—TRIO grants currently last 3 years. This causes several problems, including an atmosphere of instability on the campus, difficulty in establishing tracking procedures, and an almost constant data collection and reapplication process. It is my recommendation that language be introduced that would extend the funding cycle to 5 years. This may provide the most benefit per dollar spent of any changes that could be made in the TRIO programs. Early notification or discontinued funding would also alleviate many concerns of program staff and college administrators. Currently, programs are notified 2 weeks to 2 months in advance of funding or defunding. It would also be much more cost-effective to include language that would include either a signed statement by the parent or guardian, a copy of the parent's 1040, a signed financial aid form, or a signed form from another government agency that would provide sufficient verification of low-income status. Under the current system, an unreasonable amount of effort is spent verifying and documenting income.

The last recommendation is with regard to the block grant concept. The current administration is recommending that TRIO funds be allocated in grant form to individual States for disbursement at that level. With that concept is the thought of moving Upward Bound, Talent Search and EOC into one unit as well. This would be

devastating to TRIO as it is known today, and is a costly and unnecessary proposition. I can assure you that there is no issue about which my colleagues feel stronger.

The recommendation of my colleagues and myself is to continue the application process at the Federal level and to concentrate on issues that will benefit the students for which these programs were designed.

In closing, I would like to reiterate that the need for services provided by these programs has never been stronger. As expectations for educational achievement rise, it is our responsibility to see that the barriers to educational achievement fall. The concept of educational opportunity is the key not only to our vision of being the world's education leader, but also to our goal of being a leader in the new world economy.

Thank you again for the opportunity to appear before you today and for your interest in the TRIO programs. [Applause.]

Senator WELLSTONE. Thank you. I appreciate it. And I do want you to know, Mick, that you would have been proud of me—even though I now have come to know much more about TRIO—when the Secretary of Education came in with proposals, to the best of my ability, with some help from Roberta and Dave, we raised a lot of questions about the block grant concept and intend to push that very, very hard and really be in very strong opposition to it. [Applause.]

Jill.

Ms. NAYLOR. Good morning, Senator Wellstone, distinguished guests, colleagues and friends. My name is Jill Naylor, and I am the director of High School Upward Bound here at Minneapolis Community College and the past president of the Minnesota Association of Educational Opportunity Program Personnel.

Thank you for the opportunity to speak with all of you today regarding the reauthorization of the Higher Education Act. I have lain awake at night for the past several weeks, pondering what I would say in my testimony. It is important to me that I speak for the young adults that I serve, the coworkers who support me in that service, and for the many children we are unable to serve in the pipeline that leads to higher education.

Currently—I'd like to interject here what Mick is saying about TRIO programs—in High School Upward Bound, we are able to serve only one out of seven who qualify for our service.

For the past 5 years, it has been my pleasure to direct the High School Upward Bound program at Minneapolis Community College. High School Upward Bound is one of several federally-funded educational opportunity programs known as TRIO. Our program's funds are authorized through the Higher Education Act of 1965 and allocated and administrated through the U.S. Department of Education.

Although we have been successfully serving students across the United States and in Puerto Rico since 1964, High School Upward Bound is still relatively unknown. In some circles, it is known as the best-kept secret in Washington.

High School Upward Bound serves low-income first-generation potential college students, grades 9 through 12, whose parents do not have a four-year college degree. To join the program, which

offers academic tutoring and counseling, assistance with postsecondary selection and application, financial aid counseling and summer programs of academic and cultural enrichment, students and their parents or guardians must actively apply. The operative word in that last sentence is "actively."

High School Upward Bound staff go to schools and present program information to counselors, teachers and students. We make it possible for students, in my words, to "connect and select."

The entry process is a full circle. It involves the student, the student's school, the student's family, the program and, to a less formal degree, the community. Later in my remarks I will address our program's plans for expanding our community involvement.

There is nothing necessarily new or extremely innovative about our approach. We just promote the standards for student success: involvement, respect for self and others, honesty, hard work, critical and analytical thinking skills, imagination, and a great deal of L-O-V-E.

When people still lived in communities where they knew their neighbors, their children's teachers and friends, communities where your mother knew before you hit the door what you had done to Sarah Jane's new bike, communities where school and home were united in the education and citizenship of their children, I believe there existed a spirit, that special connection that later became High School Upward Bound.

When our schools became institutions, institutions where membership was not inclusive but exclusive, institutions where paperwork and numbers became more important than student need, where objectives became more important than analysis, institutions where money and time were scarce and social problems academic, institutions where care and connection was quickly replaced by rule and order, the need for High School Upward Bound was created.

High School Upward Bound and other programs of this genre are a return to care and connection, where student need and competence in service delivery are the so-called bottom line.

The students we serve do well. In my 5 years at the program, all participants scheduled to graduate have graduated. Of these, 95 percent have matriculated to postsecondary education—community colleges, State universities, four-year private and public institutions, and technical colleges. We number among our graduates a valedictorian, 25 National Honor Society members, several Alan Page Scholars, full scholarships to Carleton, St. Olaf, Brown University, the University of Minnesota, Hamline, St. Catherine's, and many partial scholarships and awards to private and public institutions across the United States.

All of our students, however, are low-income and require financial aid. Does High School Upward Bound succeed? Its students succeed. I believe that High School Upward Bound succeeds by creating an atmosphere where success is possible and promoted.

For several years, I have been asking various people in the educational community about developing programs for elementary school children using the High School Upward Bound model. I recently wrote an expansion component for our grant that would allow us to add leadership and mentorship training to our existing

services. The end product for this particular training would be matching High School Upward Bound students with elementary students who needed and wanted a tutor-friend. This would be a small way to begin to make a connection, or intervention, at the early stages.

In my estimation, it is critical to our survival in this global community to begin from grade 1 to bring children into the success pipeline for higher education. The Catholic Church used to have a saying that went somewhat like this: Give me a child until the age of 7, and that child is mine for life.

How wonderful it would be for education if we could adopt that philosophy in that we came full circle and put our hearts and our money where our mouths are and again began to build educational communities that were inclusive, respectful, honest, competent and connected.

We can no longer afford to give lip service to the importance of education. We must pledge the dollars for funding research, innovation, scholarships, materials, salaries, evaluations, and truly invest in our future, our children's future, and the future of this planet.

All of these things I have said have been said before, and yet they all bear restating and restating until such time that they are heard and addressed. It has been my intent this morning to bring the concept of educational intervention alive by sharing the success of High School Upward Bound and proposing that we increase that successful model for higher education by intervening even earlier in the lives of the children that we serve.

I thank you for your time and attention. Together, I believe that we can build a better world through education.

[Applause.]

Senator WELLSTONE. Ms. Naylor, I'd like to thank you for your testimony, and just say that as you stated, maybe all of these things have been said before, but I don't think they have been said as well.

Thank you very much.

Ms. NAYLOR. Thank you.

Senator WELLSTONE. Ms. Tauer.

Ms. TAUER. I am Janet Tauer, and I am director of the Educational Opportunity Center. I am glad to be here to talk about Educational Opportunity Center, the needs of nontraditional students, and future trends in the U.S. economy as far as it relates to education and labor force.

The Educational Opportunity Center, along with the Veterans Upward Bound Project, are the only TRIO programs that are specifically designed to serve adults and provide access to higher education. The EOC of Minnesota offers educational opportunities to an adult urban population of diverse ethnic and socioeconomic backgrounds.

Of the TRIO programs, EOC and VUB are the fewest in number. There are currently only 40 EOC's in the whole country including Puerto Rico, Guam, Alaska and Hawaii. However, EOC serves the largest percentage of people at the lowest per-client cost.

The client-to-counselor ratio here in Minnesota is 425-to-1. We serve 14 sites with a staff of three full-time counselors and two part-time counselors in the nine-county metro area.

Adults in this country number millions; the baby boom generation ages 25-45 number upwards of 75 million people. There are millions more adults ages 45 and up. Many of these adults are low-income, undereducated and in need of services to loop them back into the educational system. Adults do make up the largest demographic group in this country.

Millions of adults drop out of high school each year and are joined by one million more dropouts each year. Currently, there are something like 21 million adults who are functionally illiterate. These people are joined again by one million more high school dropouts each year.

Many of those who do graduate from high school lack basic skills to compete at the postsecondary school level. Adults need basic skills and a clear vision of where they can go with education. EOC works closely with adults in G.E.D. programs to bridge to higher education, and again, such large numbers of adults cannot be written off and denied educational opportunity.

EOC targets low-income students whose parents do not have college degrees. We particularly target minorities and women in this particular area. EOC provides services in neighborhoods, through community-based agencies, again working closely with adult basic education and G.E.D., treatment centers, correctional institutions, and so forth. We serve clients who are on AFDC and GA and lower-income working adults.

Nontraditional students. Who is the nontraditional student? A definition of nontraditional students is those people who are over age 25. This includes all of the baby boomers that I spoke of earlier, plus older Americans, and is the largest population group in this country. The nontraditional student may be a displaced housewife, a dislocated worker, minority, female, a high school dropout, a rural migrant to the city, an immigrant, a part-time employed person, a low-income working person.

Nontraditional students currently make up 40 percent of those enrolled in our campuses today. They will soon number over 50 percent. Women over the age of 35 have tripled returning to college. Many nontraditional students are female heads-of-household with children of preschool age.

Between 1989 and the year 2000, two out of three new entrants to the work force will be women; 34 percent will be white women, not including Hispanic; 10 percent black women; 13 percent Hispanic women, and 6 percent Asian, American Indian and Alaskan Native women.

Two-thirds of women with children under the age of 18 were in the labor force in 1988. More than half of today's mothers with infants return to work in the baby's first year. Fifty-three percent of mothers with children under the age of three are in the labor force and another 25 percent would re-enter the labor force if they had access to safe and affordable child care.

Women in particular are trapped in the lower-paid occupations. Sixty-two percent of temporary workers are women, and many more women are likely to work part-time. Many of these occupa-

tions dominated by women are at lower educational levels and are lower-paid.

As women enter college in greater numbers, it is essential that they have access to career guidance and information about the educational system and the jobs of the future. EOC does provide this information and assistance.

Women face additional barriers. They need affordable child care, and ever increasingly, elder care for their parents. Costs of such care are not realistically taken into account when applying for financial aid. Many AFDC parents currently are excluded from access to child care because they are not part of a priority or target group program. The limits on child care means that many people who are income-eligible are not able to get it.

Barriers faced by many low-income nontraditional students include a financial aid system that is increasingly loan-based rather than grant-based; there are larger numbers of poor people, and costs to attend college have risen dramatically. The default rate, while holding steady, does mean a larger number of people because there are greater numbers of people over the years who have dropped out, and that number keeps accumulating.

A significant percentage of defaulters are lower-income, minority, and female. Many more of the very poor have received student loans and due to circumstances are more likely to default, not have an education, and have no recourse to escape poverty due to that lack of education. There is no pipeline to bring them back into the system.

A barrier for many adults is pressure tactics on the part of some schools, deceptive advertising targeting lower-income people, including locally a school that stands outside grocery stores in lower-income neighborhoods and solicits what appear to be women to enter the particular postsecondary institution.

EOC does assist disadvantaged adults to be informed consumers, to explore their options and make informed career and postsecondary school choices.

Barriers for low-income adults may include transportation, especially if the school is not located in their lower-income neighborhoods, and they struggle as they work and raise a family. Language is a barrier. There are 4 million legal immigrants per year. For many of them, there is a need for English as a second language. There is an unknown number of illegal immigrants, also, with again a need for basic skills.

Earlier, I said about 21 million Americans are illiterate. Again, basic skills are a necessary part of education, and something like 84 percent of postsecondary institutions now must provide basic skills and remedial course work.

There are also included in this number people who are mentally ill, people who have learning disabilities who no longer can get jobs requiring lower skills, and disabled adults with special needs.

Some trends for the future that have impacted our country. Three of the larger impacts on our work force happened at about the same time. Baby boomers numbering 75 million people entered the labor force between 1968 and 1984. During that same period, we had the largest immigration in history—4.4 million legal immigrants in the Seventies, 5 million in the Eighties, and about 4 mil-

lion a year predicted for the Nineties. There is approximately one illegal immigrant for every two legal immigrants. And women. Women entered the work force in greater numbers, and a greater percentage work now than ever before. All three happened at the same time.

The boomers are now largely absorbed into the labor force. However, many of them found work when education beyond the high school diploma was unnecessary. These workers have not felt the force of new labor market changes requiring higher skills. Labor market changes include the fact that white collar positions grew by 30 percent, and this is expected to continue, and blue collar positions grew by less than 8 percent.

The new jobs require education beyond the high school diploma. Workers today who do not have additional education are doing all right if they remain with their current jobs. However, if they are laid off, their plant closes or business fails, they will take a long time to find new jobs; some never will find steady work again. They need new skills to have those new jobs.

Women and immigrants will make up the majority of the new workers over the next decade and need education. They have been traditionally underrepresented in higher education and will need those skills to combat the sexism and racism in the work force.

There is a very bleak future for high school dropouts and for those with only a high school education. They are ever competing for a decreasing pool of jobs, while most new jobs require training beyond that high school diploma.

Education requirements will continue to rise, and workers will need to demonstrate the ability to continue learning new skills. They will need to train and retrain throughout their lifetime. There will be continuous education over the life, and these people will need educational planning and direction in order to choose the right types of training to meet their needs in the changing job market of the future.

As we have a service sector economy, there are many business like health care, marketing, payroll services, printing and the like, which do again require skills beyond the high school level. Service economies are more affected by recessions. The nature of the service economy is a small business economy, and most service companies employ fewer workers per firm than manufacturing.

The elderly are likely to continue to work as the baby boomers move into older age. People will retire at older ages, and older workers will need education and training opportunities.

I am going to close with what EOC has to offer and what we need. EOC has expertise to offer in working with diverse groups of people. We are service-oriented, and we work with people in their neighborhoods, and we provide accurate information on financial aid, career assessment, and assist adults with academic and career planning and access in that postsecondary institution.

Very few adults have access to a neutral provider of such information so that they can make an informed consumer decision about where they might attend school and in what areas.

We would like adequate funding to provide area career and information centers for adults to access services, including the money for rent, materials, equipment and so forth.

We would like to expand our services to include additional needy neighborhoods in our target area and outside our target area. Again, we currently have 14 sites around the nine-county metro area, staffed by three full-time people and two part-time people.

In addition to that, we serve a number of other additional agencies by providing workshops on a once-in-a-while basis.

We would like to access or tie in with other sources of funding such as JTPA funds for paying fees, books and child care; access to funds to assist adults with the transition from APE and GED and postsecondary education.

We serve all age groups, ethnicities, educational levels, with a variety of needs and problems. We would like staff development opportunities to better assist adults with their special needs.

We would again like to retain the emphasis of EOC on serving adults. As we look at the direction in which the Department of Education is going, we feel it is very important to say that such large numbers of adults should not be written out of access to higher education when they need to be looped back in.

Senator WELLSTONE. Thank you very much. I appreciate it.

[Applause.]

[The prepared statement of Ms. Tauer follows:]

Janet M. Tauer
May 2, 1991

TESTIMONY

EDUCATIONAL OPPORTUNITY CENTER(EOC)

The Educatioal Opportunity Center(EOC) alohg with the Veterans Upward Bound project are the only TRIO programs specifically designed to assist adults with access to higher education. The EOC in Minnesota offers educational opportunities to an adult urban population of diverse ethnic and socio-economic backgrounds.

Adults have no other intervener with postsecondary schools, in other words, a neutral resource to assist adults with the process of choosing a postsecondary institution to meet the adult students needs. EOC provides this resource.

Of the TRIO programs, EOC's are the fewest, only 40 in the whole country, including Puerto Rico, Guam, Alaska, and Hawaii. However, EOC's serve the largest percentage of people at the lowest per client cost. The client to counselor ratio here in Minnesota is 425 to 1.

The numbers of adults in this country number millions. The baby boom generation, ages 25-45 number upwards of 75 million, with millions more adults aged 45 and up. Millions of these adults are low income, undereducated and in need of services to loop them back into the educational system. Adults make up the largest demographic group in this country.

Included in the above are millions of adults who have dropped out of high school and they are being joined by a million more dropouts each year. These adults will be a burden forever more to our society if they are written off and efforts are not made to assist them with entry and reentry into the educational system.

Also included in the above adult population are increasing numbers of immigrants both legal and illegal who are in need of access to higher education. There are growing numbers of women and minorities who are in need of services to access post-secondary education.

EOC provides accurate information on financial aids and assists the clients in applying for that aid. EOC offers career and academic counseling to assist adults in career-decision making and in choosing the postsecondary education and institution that meets the clients needs at this time. EOC provides information on postsecondary educational opportunities and helps minimize the problems low income adults may have in entering college or vocational school. Adults need access to a resource such as EOC in order to make informed decisions about their future.

EOC targets low income adults, whose parents do not have a college degree. We particularly target women and minorities. EOC provides services in neighborhoods through community based agences. We work closely with Adult Basic Education and GED programs. EOC serves clients on AFDC and GA. EOC works with treatment centers and the correctional system to serve needy clients. We provide a service most adults cannot get anywhere else.

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NON TRADITIONAL STUDENTS

Who are non traditional students? A definition is that the non traditional student is over 25. This includes all the baby boomers plus older Americans and is the largest population group in this country. The non traditional student may also be a displaced housewife, a dislocated worker, a minority, a woman, a highschool dropout, a rural migrant to the city, an immigrant, a part time employed person, a low income employed person and so on, millions and millions of people.

Non traditional students are about 40% of those enrolled on our campuses today. They soon will be over 50%. Women over the age of 35 have tripled who are returning to college. Many non traditional students are female head of household with children of preschool age.

Between 1989-2000, two out of three new entrants to the workforce will be women. 34% will be White women(not including Hispanic), 10% Black women, 13% Hispanic women, and 6% Asian, American Indian, and Alaskan Native women.

In 1988 2/3 of all women with children under 18 were in the labor force. More than half of mothers with infants return to work in the baby's first year. 53% of mothers of children under age 3 are in the labor force and anothr 25% would reenter the labor force if they had access to safe and affordable childcare.

Women in particular are trapped in lower paid occupations. 62% of temporary workers are women, many more women are likely to work part time.

Many of the occupations dominated by women are at a lower educational level and are lower paid(ie retail sales, waitress, cashier, food worker, nurses aide).

Women are entering college in greater numbers. It is essential that they have access to career guidance and information about the educational system and jobs of the future. EOC provides this information and assistance. Women need to be informed consumers and make informed career decisions to counter the discrimination in the workplace.

Women face additional barriers. They need affordable childcare, and ever increasingly, eldercare for their parents. Costs of such care are not realistically taken into account when applying for financial aid. Priority programs such as STRIDE, while it does assist needy AFDC parents, often their funding is truly inadequate to meet the needs of their clients, and the regulations continue to limit those who may benefit from such services, that many AFDC parents are excluded from access to childcare because they are not in a priority or target group. There are many working poor who also are unable to get childcare even though their income would make them eligible for assistance. Childcare needs a big shot in the arm to serve many more parents and children.

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NON TRADITIONAL STUDENTS cont...

More women need to work than ever before. Necessitating higher education. 95% of single head of households are headed by women. As real wages drop in jobs worked by low income people, two earners in a low income family struggle to reach the poverty line. There is no real lower middle class anymore, only an upper poor class who make enough to not qualify for assistance but not enough to actually meet the expenses of daily life, ie housing, childcare, and college costs, and so forth.

Barriers faced by many low income non traditional students include a financial aid system that has become increasingly loan based rather than grant based. There are many more poorer people now, and costs to attend college have risen dramatically. The student loan default rate while holding steady, means a larger number of people because there are greater numbers of boomers who have attended and dropped out over the last ten-twenty years. A significant percentage of these defaulters ore low income, minority, and female. More and more of the very poor have received student loans and due to circumstances are more likely to default, not have an education, and have no recourse to escape poverty due to lack of educaton to get a job. Some of these circumstances contributing to a default include lack of support to stay in school, crises that caused them to drop out, lack of jobs due to discrimination, unscrupulous schools that took advantage of underprepared low income people, and lack of support due to poverty from their families.

Default is a real, often insurmountable barrier to a low income adult who cannot access further education, and also cannot pay back the loan due to lack of a job or lack of a decent wage.

A barrier to educational success for many adults are schools that prey on low income people, including some that stand outside grocery stores soliciting students in low income neighborhoods, deceptaive advertising bombarding and targeting low income people, lack of support at the schools to succeed academically once the schools have pocketed the students Pell grand and student loan. The student fails out without the promised education when they may have lack the basic skills to be admitted in the first place. Some school apply pressure tactics to get students to sign contracts, mislead regarding placement data, train people for jobs that are flooded with too many trained applicants, or the education is inadequate for the job, or the job doesn't exist in the area.

EOC assists disadvantaged adults to be informed consumers, to explore options, to make informed career and postsecondary school decisions..

Barriers to many low income adults include transportation, especially if a school is not located near the low income persons neighborhood. Flexibility in putting together an educational program while struggling to work and raise a family is a need many adults have.

Language is a barrier. with 4 million legal immigrants and an unkown number of illegal immigrants, the need for English as a second language and basic skills is essential.

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NON TRADITIONAL STUDENTS cont..

About 21 million Americans are illiterate. They are joined by 1 million high school dropouts each year. Many of those who do graduate from high school lack the basic skills to compete at the postsecondary school level. Adults need basic skills and a clear vision of where they can go with education. BOC works closely with adults in GED to bridge to higher education. Again, such large numbers of adults cannot be written off and denied educational opportunity.

There are increasing numbers of mentally illpeople who need opportunity for both treatment and education.

A growing number of people with learning disabilities are consisering college. As jobs not requiring higher skills are disappearing, more people will need to further their education. This includes disabled adults with special needs that have to be met.

In summary re: non traditional students, they are coming into the educational system in greater numbers. They need services to assist in making informed decisions. They need education to access the new jobs of this decade. They include all types of adults with numerour barriers and special needs. They are out there in the greatest numbers.

TRENDS

Some trends for the future are based on who impacts our country. Some of the impact on our workforce are the following:

1. Babyboomers. This huge population bulge(75 million) entered the labor market between 1968-1984.

2. Largest number of immigrantsin history. 4.4 million legal immigrants in the 70's, 5 million in the 80's and about 4 million a year in the 90's. There is approximately one illegal immigrant for every two legal immigrants.

3. Women. Entered the workforce in great numbers. A greater percentaged work now than ever before.

All three of the above happened at the same time. The boomers are largely absorbed into the labor force. However, many of them found work when education beyond the high school diploma was unnecessary. These workers have not yet felt the force of the labor market changes. The labor market changes include the fact that white collar

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TRENDS cont..

positions grew by 30% and is expected to continue through the 90's and blue collar positions grew only by less than 8%. These new jobs require education beyond the high school diploma. The workers today who do not have additional educaton are doing all right if they remain in their current jobs, however if they are laid off, the plant closes, or business fails, they wfll take a long time to get a new job, some never will find steady work again. They need new skill to find new jobs.

While boomers are largely absorbed by the passage of time, women and immigrants, and/or minorities will continue to grow and be the new workers of the decade.

There is a bleak future for high school dropouts and for those with only a high school eduation. They are competing for an ever decreasing pool of jobs, while most new jobs require training beyond the high school diploma.

Many adults currently employed are unaware of the changes in the labor market and will experience longer periods of unemployment. The move has been from cyclical unemployment where one is laid off duringslow times and called back when business picks up to structural unemployment. In structural unemployment, jobs are lost and will not be coming back. These workers will need new skills to get a job. Skills training that is not short term.

Education requirements for most new jobs will continue to rise. Workers will need to demonstrate ablility to continue learning new skills. People will need to train and retrain throughout their lifetime. The explosive nature of change requires continuous education and learning.

As skilled workers are not found, business will finds ways to automate, export work, downsize operations, etc..

We have a service sector economy. Service occupations account for the greatest number of new job openings. Service occupations include printing services, payroll services, health care, marketing, and the like, along with lower paying service occupations such as the fast food industry, etc. A service economy is a small business economy. Most service companies employ fewer workers per firm than manufacturing firms. Service industry is more vulnerable to a recession.

The elderly are likely to continue to work as baby boomers move in older age and the social security system is impacted. People will retire at later ages if at all. These older workers will need education and training opportunities.

Since women and minorities will make up much of the new workforce, and have been traditionally under represented in higher education, efforts to provide opportunities for training, encourage participation in the full range of career offerings and deal with the barriers women and minorities face in order to be successful must be made.

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EOC WHAT WE HAVE TO OFFER AND WHAT WE NEED

EOC has an expertise to offer in the areas of working with diverse groups of people. We are service oriented and work with people in the neighborhoods. We offer accurate information on financial aid, provide career assessments , assist adults with educational planning and accessing postsecondary education, and provide referrals to social services, remedial education and so forth.

We would like adequate funding to have area career/information centers for adults to access our services(including money for rent, materials, equipment, and local advertizing).

We would like to expand our services to include additional needy neighborhoods outside our target area. We would like to have our counselors be available at existing sites more often on a regular basis. At this time each counselor has 3 sites each week along with additional sites for workshops as requested. We have 14 sites staffed regularly in the 9 county metro area with 3 full time counselors, and 2 part time counselors. We need more staff.

We would like to tie inwith other sources of funding, such as JTPA funds to pay fees, childcare, books. Our services could be jointly coordinated. We could tie in with national and local efforts to reach adults who need basic skills. Our staff currently work with numerous ABE/GED sites inthe metro area. Access to funds to assist adults with the transition from ABE/GED to postsecondary educaion would allow us to reach larger numbers of adults. We have the tools, the information, the model. All we need is the money for additonal staff, we have the adminisstrative structure to implement services.

EOC works with all age groups, ethnicities, educational levels. Adults who have a wide variety of needs and problems. We would like additional staff development opportunities.

Less paperwork. EOC serves a large clientele. We conduct our work primarily in low income neighborhoods, and work primarily with organizations and social services that serve low income individuals. Why do we have to duplicate documentation in somecases, or document at the level as a program that serves significantly less numbers of students, with the same small staff. This detracts from the amount of direct service to client time. Our five staff see about 2000 people a year.

EOC is expected to serve youth if there is no Talent Search in the same area. We are expected to be experts on the need of youth as young as twelve and also serve the special needs a diverse range of adults including single mothers, dislocated older workers, high school dropouts, culturally diverse groups, inner city people, as well at rural migrants. Again, we would like additional staff development, more staffto accompllish the work, and an emphasis on serving adults retained.

Senator WELLSTONE. Let me move this right along with some questions, and I would like to start with you, Ms. Salinas. I have two questions. First I was listening to you focusing on the pipeline. What kind of recommendations can you give me as to how I can help out on this, make sure that the voices of people of color are heard in this education debate? As I was listening to you, that sort of just clicked in my head.

Ms. SALINAS. I think that's going to be a major issue. We do a lot of work here in the legislature in the State of Minnesota, and one of the real concerns that we have is that myself and maybe one or two other people representing communities of color are the only folks over there advocating different policies and so forth.

I think that one of the things that is real important is that the education reform movement is one thing; I think there are a lot of things happening with the reform movement, some of them good and some not so good. The thing that I is especially important for yourself and members of the subcommittee to do is to recognize that people of color are not being heard within that movement. It is not people of color who have pushed for Commitment to Focus and Q7. People of color are very concerned about what is happening in K-12 education with their children, and if you look at the major initiatives, that's where they are focusing.

I think it would be very helpful for policymakers to recognize that and say pay some attention to that. There is major dissatisfaction with education, and I think that has to be recognized and has to be dealt with, and it is because of the kind of failures that low-income people and people of color have experienced.

Senator WELLSTONE. I was going to ask you a completely different question, but I don't think I will; I want to follow up on this one and then move on to other members of the panel. And this is off the topic, but not off the topic. I also serve on the Subcommittee on Children, Families, Drugs and Alcoholism—and wanted to be on that subcommittee. Whether it be a whole set of issues that deal with the kinds of conditions that affect families as defined by two-parent, single parent, children, what happens to kids at younger age going right through to higher education, which is what we are about today—do you think it would help if I held some hearings or brought it out to neighborhoods, that maybe I should move out into some of the neighborhoods in the cities? If so, I might call on your help or the Urban Coalition's help to do that. Do you think that would at least enable me to begin to bring more people into this? I think it is a terribly important issue. I remember meeting with people from the urban Indian community early on in the campaign, and what I heard more than anything else was if we can't fight for our children, then what can we fight for. There was such concern there.

Would that be helpful, or would it not?

Ms. SALINAS. I think it would be very helpful. I think there is a lot of organization within communities of color right now around education issues. I do think that it is really important to point out that we do have changes in our families. We have a lot of families in poverty, a lot of single-parent households and so forth. The thing that I have tried to address today, and the thing that I feel so strongly about is that we have kids coming into our system with a

number of at-risk characteristics, but what happens in the educational system is that we succeed at putting those kids at greater risk rather than remedying or helping to solve the situations that they are coming with.

I think that getting out into the community and listening to what the community can offer in terms of solutions is very important. I think community meetings are a good way to do that.

Senator WELLSTONE. I think I've heard you loud and clear. I think what you were saying is that there is no question—I'm trying to remember which one of you made the points, or maybe it was made earlier, that a person could argue—and as somebody who has taught almost my whole adult life, I think I believe this—that there is no more important education program than to make sure that every woman expecting a child has a diet rich in vitamin, mineral and protein. And we could go back, and we could say that what happens to kids before they even get into the school system is critically important.

I think your point is that that argument could be made in good faith, and it is absolutely important, but it should not be used as a way of not also focusing attention on what happens to kids when they are in the school. I understand that full well.

Mick, I've got to ask you one quick question—and I know I keep saying "quick;" we have a panel of students remaining, and they are "last but not least," and we want to move on to them—and by the way, I apologize to all of our panelists for the constraints of time, although I really think we are building up a very solid official record here—Mick, I need a little bit of help from you. I want you to—and I say this with some humor, but I mean it actually more in a serious way—maybe you can get to the very essence of the very strongest critique that you can make about moving TRIO into a block grant, because I want to be armed with that information, because I already know it is a bad idea.

Mr. ENDERSBE. The block grant concept of consolidating EOC, Talent Search and Upward Bound is contrary to one of the most positive things going on in education right now, and that is the concept of recognizing age differences in education and learning styles. Janet talked about nontraditional students, Jill talked about elementary. Here we talk about moving all these things together as though we would have K-14 or K-16 in our public schools. We have just recognized the concept of middle schools. And to now move TRIO programs into one program without any regard to differences in age would be ridiculous, and also the fact that we'd be giving this money to the State would mean that how these programs would function would be dictated by who is in charge in the State and how they decide to give the funds out. These programs have been around for 25 years, and they do a good job. This is not the time to mess with the recipe.

Senator WELLSTONE. On your last point, I think it is important to point out that the TRIO program is not as well-known as Head Start, but like the Head Start program, has really been an unambiguous success, so I think you have very strong ground to occupy and to argue from.

Jill, could I ask you—you said, and I think I got this statistic right, that actually with the High School Upward Bound program,

right now you are able to serve about one out of every seven students.

Ms. NAYLOR. That's correct.

Senator WELLSTONE. But then you said of the students that you do serve and work with—it was kind of a startling statistic—that actually all of them have gone on to higher education. Is that what you said?

Ms. NAYLOR. All of the students we have worked with in our Upward Bound program here—and I'd say that nationally, this is probably a pretty good rule of thumb—I think our initial objective is to get kids connected and to graduate from high school. All of our students have graduated from high school over the last 5 years, and of those students, 95 percent have gone on to postsecondary education. I would say that that is not something that is unique necessarily just to our High School Upward Bound program here at MCC, but I see Bruce sitting here, and I see Barry sitting here; they are both High School Upward Bound people. And they, too, have successful programs that meet these statistics.

Senator WELLSTONE. Speaking for them—I can see you're not a very good politician—you should just be making the claim for yourself; you shouldn't be talking about what everybody else does—but speaking for all of you, what is the key to the success?

Ms. NAYLOR. We are connected with the children who are in your program, the young adults. We are family. We are in the homes of the children that we serve. We meet with their parents. Their concerns are our concerns. The students have access to us. Their parents have access to us. We are consistent. We like the students that we work with. Sometimes that can be a bit of a struggle. There is always a student who will agitate, but agitation sometimes is a real cry for connection.

I would say that a classic example is that I started a school on a Model City grant years ago with three other people. It was an elementary school. The students were ages 5 to 11. We had a student population of 50 students. Of those 50 student, 80 percent of them—and this was in Minneapolis—had been deemed "incorrigible" by the public schools and were no longer receiving delivery of service, or could not have access to the schools. These are children ages 5 to 11. They wanted to be connected. They wanted to be viewed as being valuable and successful. I believe that is the same philosophy, and the success that we have in TRIO programs is that we connect.

Senator WELLSTONE. I think what I'll do if it is okay with you, Janet, is I won't so much ask a question because we are really just flat out of time, but I would like to thank you for one thing that you emphasized that is of really special interest to me ever since I read Jonathan Kozol's *Illiterate America* and have spent time with people in adult community education, and that is the whole issue of illiteracy, which I think is no small issue in this country. You said 20-some million. I think actually, depending on the definition, we could probably be talking about a much higher figure if what we mean is——

Ms. TAUER. Yes, marginal skills, above that.

Senator WELLSTONE. Exactly. I am especially interested in talking with you at some other time about how empowerment gets

worked into this kind of curriculum. I remember from the civil rights movement, the best kind of literacy program we had was when adults could see a connection between their becoming literate and that having something to do with the betterment of their lives. It wasn't just in a vacuum—you should become literate, because if you're not, you are not a good citizen. Instead, it had to do with this is going to enable me to do more for my children, and so on and so forth.

A final, quick point. I can't resist saying this, and I am not trying to level a broadside, Elaine, on grouping because I don't know that I should do that, and I do have some of the same concerns that you raised. With my own daughter Marcia in Northfield, it was interesting. She really, (with a learning disability), was struggling for a while, and she was put in a group. And you know, we have names for the groups, but it doesn't matter what you call the groups—the kids are well aware of what group they are in. I mean, everybody knows. And I don't think Marcia would mind—I never asked her permission for me to make this a part of the record here, but anyway, Marcia, we'll talk about it later—when she was young, as a parent, it was really painful for us. She obviously was really upset, because she would wrap her hair around her finger, and in the morning, we would find it in the bed.

Now, comes a teacher, Joanne Jorgenson, who I will never forget. This was going on for a couple of grades, and Marcia was really not doing well, and just getting more and more out of it, pushed to the margin in every way—educationally, socially, and so on and so forth. Now comes this teacher who says the first positive things we ever heard, about 4th grade or so: Marcia has rhythm. Marcia can write poetry. Marcia likes to draw. All of a sudden we started hearing something positive, and she started feeling better about herself, and it turned her around. She is graduating from University of Wisconsin-Madison in a couple of weeks, and has done really well. But without that encouragement, it wouldn't have happened. And for her, that grouping was absolutely the kiss of death in terms of what it was doing to her.

I think as important as the technical skills is whether kids have a good feeling about themselves. If you don't have a good feeling about yourself, forget the technical part. I do think that this fits into this whole pipeline approach, and that is why I wanted to mention it.

Ms. SALINAS. I just have to say that in terms of ability grouping, there are really two kinds. There is homogeneous grouping and then there is heterogeneous grouping. I guess the best model of heterogeneous grouping is really cooperative learning. There have been a number of studies on cooperative learning methodologies, and one of the findings of that—and these are national studies—is that if you take kids of mixed ability and put them together, everybody is going to benefit academically from that experience as opposed to the declines that you see with homogeneous groupings.

Senator WELLSTONE. I thank you so much for your testimony. [Applause.]

Let's move on to the next panel. Duana LaBostrie is a student at Minneapolis South High; Keri Huntley is a student at the College

of St. Thomas; and Melissa Trebesch is a student at the University of Minnesota.

Before we get started, just so everybody can stretch, we'll take about a 15-minute break. We've got 45 people signed up for open mike, so we've kind of got to get ready for that, and we'll take a 15-minute break after this panel. I have to thank many of you who have been sitting here, and I'm really hoping to hear some testimony from you.

If it's agreeable with everyone, we'll start out with Duana. Thank you so much for being here.

STATEMENTS OF DUANA LaBOSTRIE, STUDENT, MINNEAPOLIS SOUTH HIGH SCHOOL; KERI HUNTLEY, STUDENT, COLLEGE OF ST. THOMAS, AND MELISSA TREBESCH, STUDENT, UNIVERSITY OF MINNESOTA

Ms. LaBostrie. Hello. My name is Duana LaBostrie. I am a senior at Minneapolis South High. I will be graduating this spring and attending the University of Minnesota next fall.

I am a member of the University of Minnesota General College Upward Bound Preparatory Program, which is a TRIO program. Due to the difficult situation at home, I have been living on my own since this fall, supporting myself with two part-time jobs, at the Guthrie and K-Mart.

I am very proud to be the first child in my family to graduate from high school and to go to college. I am also proud to say that I am the first African American woman to be president of my senior class. [Applause.]

At the time I got involved with Upward Bound, it was a crucial time in my life, and I had a difficult time when I moved to Minneapolis from Kalamazoo, MI. I hung with a group of people whose interest in school and their future were not like mine. Some of them have now dropped out or are attending alternative schools. A couple of them now have children.

I decided that I wanted more out of my life, and Upward Bound was always there, offering encouragement. As I am maturing, I am becoming more independent. Upward Bound has helped me to feel good about all the choices I have made. Upward Bound has also helped me in the past, giving me positive support with various issues I deal with in terms of helping me understand how important school really is, believing in myself, and asking me to write articles or participate or be a representative for Upward Bound. Those things really help me in my feelings of self-confidence and self-development, about who I am and the things I do and the things I believe in.

Upward Bound has helped me with opportunities to develop my confidence and leadership skills. I school, tutoring was always available to everyone, especially myself.

During Upward Bound summer camp each year I have taken classes such as math, writing, and speed reading and comprehension courses. I wasn't a big one to read, and I was really unmotivated at an early age toward reading. The reading classes helped me speed up my reading and understanding, and now reading is something I really enjoy.

Upward Bound has helped me to apply for scholarships and financial aid. I really didn't understand how I was going to apply for and pay for college. I had an idea bout financial aid, but without Upward Bound, I would have been really lost about how to apply because it is hard, and it is a confusing to deal with.

At Upward Bound, we learn how to choose a college and learn about financial aid. Every college I applied to was one I visited with Upward Bound. I have talked with my older acquaintance, who shared her difficulties in procrastinating. Upward Bound has helped her and myself make clear decisionmaking, refusal skills, and peer pressure.

In my experience with Upward Bound, I have learned many new tactics to deal with numerous things in my life. A few of those tactics include how to keep a positive perspective toward school, regain high self-esteem, and learning how to have a sharing relationship with anyone I'm in contact with.

My future goal is to study psychology. I would like to work with teenagers such as myself to help them become more motivated and realize how important school really is and to bring out the best in them as Upward Bound has done for me.

Just knowing how Upward Bound has helped me, I know I will make a big difference in this world.

I know I read this, and it might sound ishy, but I am really serious about what I just read, and I know that I am now one of those highly-motivated students, and I am really involved in a lot of different things, but I seriously doubt I would be the student I am today if Upward Bound wasn't there for me. I hope it continues being there for other students, because they really do need it, like I did.

Thank you, Senator Wellstone, for this opportunity to speak to you and for your support of education and Upward Bound. [Applause.]

[The prepared statement of Ms. LaBostrie follows:]

PREPARED STATEMENT OF MS. LABOSTRIE

WHO—Duana Labostrie Senior at Minneapolis South High graduating this spring—attending UM at Minneapolis in the fall.

I am a member of the University of Minnesota General College Upward Bound college preparatory program which is a TRIO program.

Due to a difficult home situation I have been living on my own since this fall supporting myself with part time jobs at K-Mart and the Guthrie Theatre.

I am very proud to be the first chidl in my family to graduate from high school and first to go to college.

I am also proud to say that I am the first African-American woman to be president of my senior class.

At the time I got involved with Upward Bound it was a crucial time in my life. I had a difficult time when I moved to MPLS from Kalamazo.

I hung with a group of kids whose interests in school or their future were not like mine.

Some of them have now dropped out of school or are attending alternative schools. A couple of them now have children.

I decided that I wanted more out of my life and Upward Bound was there offering encouragement.

As I am muturing I've become more independnet. Upward Bound has helped me feel good about my choices.

Upward Bound has helped me in my past with giving me positive support with various issues I was dealing with.

—Helped me understand how important school really was

—Believing in me
—Asked me to do things
—Write articles for UB newsletter
—Asking my opinion about things and taking it seriously

Those things really helped me in my feelings of self confidence and my self development about who I am, the things that I do and the things I believe in

Upward Bound has given me opportunities to develop my confidence and leadership skills.

In school tutoring was readily available to everyone in Upward Bound.

During Upward Bound summer camp I've taken various classes such as math, writing and reading speed and comprehension courses.

I wasn't one to read and I was unmotivated toward reading. The reading classes helped me speed up my reading and understanding and now reading is something I enjoy.

Upward Bound has helped me apply for scholarships and financial aid.

I really did not understand about how I was going to apply and pay for college.

I had an idea about financial aid but without Upward Bound I would have been really lost about how to apply because it is hard and confusing.

At Upward Bound we learn how to choose a college and learn about financial aid. Every college I applied to was one I visited with Upward Bound.

I've talked with one of my older aquaintances who's shared her difficulties in procrastinating.

Upward Bound has helped her and me make clearer decision making, refusal skills, and peer pressure.

In my experience with Upward Bound I've learned many new tactics to deal with numerous things in my life. A few of those tactics are learning how to keep a positive perspective towards school, regaining a high self-esteem, and learning how to have a sharing relationship with everyone I am in contact with.

My future career goals are to study psychology. I would like to work with teenages such as myself to help them to be more motivated and realize how important school really is to bring out the best in them.

Just knowing how Upward Bound has helped me I know I will make a big difference in this world.

Thank you, Senator Wellstone for this opportunity to speak you and for your support of education and Upward Bound.

[Article from the Washington Post follows:]

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Colman McCarthy

A Poverty Program That Works

Upward Bound brings high school students from poverty backgrounds to college campuses for an intensive six weeks of summer classes.

MINNEAPOLIS—Most of the 15 students had a word about their teacher: a man who "pushed me hard," or "held my hand," or "sat on me" or "had faith in me." They spoke with affection and gratitude and with lighthearted ease, too, because the teacher was in the back of the room listening. He was blushing like a bear as hearing the spontaneous praise for his academic midwifery.

The teacher is Bruce Sabolshin, co-director of the Upward Bound program at the University of Minnesota. He and Sharyn Sabolshin, his wife and co-director, have been working with Upward Bound students on this campus since 1988, when the program was four years old.

On the day I dropped in on the Sabolshins and their charges, hearings on the federally funded programs were being held in Washington by Rep. Pat Williams (D-Mont.) for the Senate subcommittee on post-secondary education. This year marks the 25th anniversary of Upward Bound, one of the original antipoverty programs enacted in 1965 under the Economic Opportunity Act.

Along with six statements from that era—Head Start, Legal Services, Community Action, VISTA, Job Corps—Upward Bound has been a dependable workhorse, not a showhorse. Upward Bound is not as well known as the others, and it's often confused with Outward Bound, which teaches in-the-wild self-reliance. Upward Bound's friends at Congress are not given to issuing press releases every time a new grant is awarded to a college in the district.

The program brings high school students from poverty backgrounds to college campuses for an intensive six weeks of summer classes in writing, literature, math, science and electives. Counseling is provided, beginning with each liaison as mentoring the college-application process and applying for financial aid. Upward Bound, part of the Department of Education and funded for $60 million, now serves 34,000 high school students in 504 projects.

I confess to having been touched by my visit with the University of Minnesota students. These were unsophisticated kids without guile who spoke, in unrehearsed innocence, of their good fortune in coming upon Upward Bound. They had survived society's no-exhaust. You're poor, you've taken drugs and your father dropped out five years ago? So what? You fail behind in school, teachers and you weren't smart and counselors were too busy with the bright crowd, so you gave up? So what? You want a second chance? So what?

Several of the students with whom I met were Upward Bound alumni now on campus as teaching assistants in the program. One had recently graduated from Brown and will be doing graduate work at Harvard. She had been in Upward Bound all the way through high school. Others were studying at schools throughout Minnesota, a state rich in quality liberal-arts colleges. The Sabolshins report that since 1988, 218 of their 219 Upward Bound seniors have graduated from high school, with 88 percent going on to college. Nationally, Upward Bound students have been graduating from college at four times the rate of students from similar backgrounds who weren't in the program.

One reason, I imagine, for my being moved by the interviews here is that I've read too many reports from high-dosit experts on why, how, when and where kids aren't making it in school. It's as if the professional pondrers are pursuing mystery solutions that, once fathomed, will turn around the schools. What's unquestionably true in that when the educational methods of Upward Bound are applied—caring, competent and innovative teachers working with unusual administrative satisfaction—students will respond.

One of the frustrations of the Sabolshins is deciding which students are to be enrolled. "For every person we take, we're forced to say no to five," Bruce Sabolshin said. "We take 30 new students out of a school where we could serve 500. The worst part of the year is choosing the students."

The Sabolshins say yes to a few out of so many. They keep a balance, taking some students with reading problems, others with harsh home lives and some with much obvious talent that pursuing them over would be nearly criminal. Still, they wonder about the hordes of eligible kids who've been missed. Some others—in Congress, in the administration of "the education president"—should be wondering, too.

Instead of asking why students are failing, the question should be: Who's failing students?

Senator WELLSTONE. Thanks, Duana. I really thank you, and reading is sometimes helpful when we are limiting everybody to 5 minutes. So thank you very much. I really appreciate it. I've got to tell you that not just for what we're doing here, but I'm really personally proud that you came here and that this is part of the record of the deliberations of our committee.

Keri, thank you for being here.

Ms. HUNTLEY. Hi. My name is Keri Huntley, and I am a traditional student at the University of St. Thomas. I am 22 years old, a dependent, I come from a middle-class family, and I am $20,000 in debt, and I'm not done with my undergraduate degree.

My family and I realize the importance of financial aid and have relied on it heavily for my education. For the past 4 years, I have taken out the maximum Stafford student loans allowed, and 1 year I had a Pell grant. I have also taken out SELF loans through the Minnesota State program and worked an average of 20-25 hours a week at a work-study job on campus.

The results are two-fold. I am getting a college education, but I will be $25,000 in debt when I earn a bachelor's degree.

I don't think my debt load is all that uncommon. With the trends of declining grant and scholarship moneys and the rise of loan dollars being borrowed, more and more people are finding themselves thousands of dollars in debt.

My situation may be nontraditional in one sense—the level of participation in education by my family. My father, who is the vice president of business affairs at Western Iowa Tech Community College in Sioux City, IA, is currently working on his master's degree at the University of South Dakota. My mother went back to school 2 years ago and received her associate of arts degree from WIT last summer, and she planned to go on and get her bachelor's degree, but because of the financial constraints that my family is under while I am in school, she decided instead to attend a cheaper paralegal program at Morningside College in Sioux City.

My brother is a junior at Helin High School, which is parochial, and one of the reasons he attends Helin is not only the quality of education there, but the more individualized attention he receives because in a public high school, which he attended previously, he is one of the students that kind of slips through the cracks of the system.

The bottom line here is that my family is paying some level of tuition at four different institutions, and without financial aid, more than one of these wouldn't be a reality.

The other reality is there is never enough money in the system, and it affects your choices. It affected my mother's, and it affects everyone's.

The size of your debt and the costs associated with higher education dictate many of the decisions you make in life. A student should be able to attend school where he or she would most benefit, regardless of the cost. The decision should be made on your academic ability, the school's academic reputation and how well it serves your needs, not based on the price.

Debt burden affects your choice of major and occupation. When I am $25,000 in debt, I'm not going to be a teacher. My earnings in that field wouldn't be enough to pay back my loans and live off of.

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People aren't going to go into education, social work and public service fields when they are anticipating a debt burden of $20,000.

High debt levels continue to affect you after you have received your undergraduate degree. Being $25,000 in debt practically forces you to continue your education and earn a higher degree to increase your earning potential.

I plan on going to law school to increase my earning capacity to make it easier to pay back my student loans, but in order to that, I have to borrow more money to finance my law degree. I have to dig myself in deeper in order to fill the hole I have already dug. Where does this cycle end?

I then need to decide what kind of law to study that will allow me to make enough money to pay back the loans taken out to cover my graduate and my undergraduate studies. It is unlikely I'll become a public defender.

College students need to be recognized as what they are. They are average citizens as well as students. Many are paying rent, car payments, insurance bills, child care—everything an average citizen pays for, as well as college tuition.

Students are not exempt from the everyday costs of life while they are in school. School is just an added expense. Yet while in school, most students aren't earning a comparable income nor contributing to the overall economy at the desired level.

Twenty years ago, a college graduate's first major purchase was a car or a home. Today's college graduate is waiting 10 years for that purchase while they continue to pay off their education debt. College students don't have mortgage on houses; we have mortgages on our futures.

So often, policymakers don't see the effects of their policies, especially when the funding doesn't follow. People need to start looking at education as an investment—an investment in our economy that will pay for itself in increased production. And the government needs to invest in the future, or 1 day we are going to wake up and find ourselves floundering in the midst of an uneducated society.

We can't continue to cut money from education and hope that someday it will straighten itself out, because it won't. Education is becoming elitist. It will soon be a luxury comparable to having a summer home and two BMWs in the garage. It is a frightening trend, Senator, but even more frightening are the possible results.

Thank you. [Applause.]

[The prepared statement of Ms. Huntley follows:]

PREPARED STATEMENT OF MS. HUNTLEY

My name is Keri Huntley. I'm a "traditional" student at the University of St. Thomas. I'm 22 years old, a dependent, from a middle class family, and already $20,000 in debt. And I'm not finished with my undergraduate degree.

My family and I realize the importance of financial aid and have relied on it for my education. For the past four years I have taken out the maximum Stafford loans allowed, and I received a Pell grant one year. I also have taken out Self Loans through the state of Minnesota. I have worked an average of 15-20 hours per week at a work study job through my whole college career—which, incidentally takes away time from studying.

The results are two-fold: I am getting a college education, but I will be $25,000 in debt when I earn a Bachelor's degree. I don't think my debt load is all that uncommon. With the trends of declining grant and scholarship funds available and the

rise of loan dollars being borrowed, more and more people are finding themselves thousands of dollars in debt.

My situation may be non-traditional in one sense: the current participation level in education by my family. My father, who is the Vice President of Business Affairs at Western Iowa Tech Community College in Sioux City, Iowa, is working on his Master's degree at the University of South Dakota.

My mother went back to school two years ago and received her Associates of Arts degree from WITCC last summer. She planned to go and get her B.A., but because of the financial constraints my family is under while I'm in school, she decided instead to attend a paralegal program through Morningside College in Sioux City.

My brother is a junior at Heelan High School, a parochial school. One of the reasons he attends Heelan is not only the quality of education there, but the more individualized attention he receives, as opposed to the public high school where he could easily be one of those students who slips through the cracks.

The bottom line here is that my family is paying some level of tuition at four different institutions, and without financial aid, more than one of these would not be a reality. The other reality is there is never enough money in the system and it does affect your choices—it affected my mothers.

The size of your expected debt and the costs associated with higher education dictate many of the decisions you make in your life. A student should be able to attend school where he/she would most benefit regardless of the cost. The decision should be made on your academic ability, the school's academic reputation and how well it serves your needs—not based on the price:'

Debt burden affects your choice of major and occupation. When I am $25,000 in debt I am not going to become a teacher. My earnings in that field would not be enough to pay back my loans and live off. People aren't going to go into education, social work, or public service fields when they are anticipating a debt burden of $20,000.

High debt levels continue to affect you after you have received your undergrad degree. Being $25,000 in debt practically forces you to continue your education and earn a higher degree to increase your earning potential.

I plan on attending law school to increase my earning capacity to make it easier to pay back my student loans. But in order to do that, I will have to borrow more money to finance my law degree. I have to dig myself in deeper in order to fill the hole I have already dug. Where does this mad cycle end?

I then need to decide what kind of law to study that will allow me to make enough money to pay back the loans borrowed to cover both my graduate and undergraduate studies. It's unlikely I'll become a public defender or work in public service. I wan to work in education policy, but whether or not I'll be able to afford to is yet to be seen.

College students need to be recognized as what they are. They are average citizens as well as students. Many are paying rent, car payments, insurance, bills everything an average citizen pays for—as well as a college tuition. Students aren't exempt from the everyday costs of life while in school, school is just an added expense. Yet while in school, most students aren't earning a comparable income nor contributing to the overall economy at the desired level.

Twenty years ago a college graduate's first major purchase was a car or a home. Today's college graduate has to wait ten years for that purchase while they continue to pay off their education debt. College students don't have mortgages on houses, they have mortgages on their futures.

So often policy makers don't see the effects of their policy, especially when the funding does not follow. People need to start looking at education as an investment, and the government needs to invest in the future or one day we are going to wake up and find ourselves floundering in the midst of an uneducated society. We cannot continue to cut money from education and hope that someday it will straighten itself out.

Education is becoming elitist. it will soon be a luxury comparable to having a summer home on the beach and two BMWs in the garage. It's a frightening trend, but even more frightening are the possible results.

RECOMMENDATIONS REGARDING THE HIGHER EDUCATION ACT

1. *Simplify the FFS form.* The application form to fill out for the needs analysis is an intimidating, complex document. The form in itself is a disincentive to students when applying for aid. Financial aid is supposed to help needy students, and I do not want to overgeneralize or offend anyone, but often the lowest income students come from families with, unfortunately, little education. When faced with a 12 page

application, they are often intimidated and therefore do not apply. The form ends up hurting the people whom the system was intended to help.

2. *FFS filing should be free.* When a student is applying for need based aid, they should not be expected to pay to apply. That would be like requiring an application fee for someone applying for welfare. There is also no guarantee you will qualify for aid.

3. *Do not use assets when calculating need.* Many of the people who apply for aid are turned away based on the assets their family has. A farmer may own land and equipment valued at a high price, but still have little or no money available to finance an education. Assets cannot necessarily be liquidated' to pay for an education, nor should they be expected to be. Therefore, only available or easily accessible money should be used in figuring eligibility.

4. *The Pell grant program should become an Entitlement program.* This will increase access to higher education. Fully funding the grant program also lowers the debt burden by lowering the amount of loans needed. Currently, the majority of federal funding is in the form of loans, forcing students into debt. Full funding of the Pell grant program will be a strong investment in our economy that will pay for itself in increased productivity.

Thank you for your time, and I would be willing to discuss any of these issues further at any time.

Senator WELLSTONE. I will tell you right now that I'm having a difficult time—I'm sure this applies somewhat to everyone who is here today—listening to some of these statements and then not being able to respond right away. So much has been said and with such power.

Why don't we move on, and then we will get into the discussion. Melissa, please. Thank you for being here.

Ms. TREBESCH. My name is Melissa Trebesch, and I am one of the nontraditional students that everyone has been talking about so much today.

I began my postsecondary education at Inver Hills Community College, and I am now a senior at the University of Minnesota here in the Twin Cities. I am also the proud parent of a 7 year-old first-grader named James.

I am here today to advocate for higher education financial aid programs because without them, college of any sort would not have been a possibility for me. I have received Pell grant, work-study and Guaranteed Student Loans. It is because of the financial aid programs that exist right now that I will have the opportunity to contribute to our society in a meaningful way and provide a viable and secure future for my son. And I am thankful for that. But it is also in spite of the financial aid programs as they exist today that I am here.

I'd like you to take a moment and try to envision standing in this room thousands of faceless families who struggle to make it week to week and month to month without any real hope of a more secure future. The faces of those women and their children are not mere visions to me. I have talked with and lived beside women who would never dream of going over $25,000 in debt, as I have been forced to do, in order to acquire an education and have a future. That amount of money may not sound like very much to you. Some people spend that much on just one car. But the idea of borrowing such a large sum of money is unthinkable to many families. They will continue to work, and work hard, at minimum wage jobs rather than risk going so deeply into debt. For them, that amount of dollars is more than they may make in an entire year. It is not just the price of a car.

To invest in them by making higher education a possibility is the one real concrete way that our government has the opportunity to invest in the future, our shared future, one person and one family at a time. The ratio of debt to be able to go on to higher education must be reduced.

As a citizen, I believe that democracy is based on the recognition of the intrinsic value of each individual to the quality of our public. We must all be seen as innocent equals, valuable to the same degree. We stand facing each other, clutching the fragile fabric woven together by our common desire for justice and visibility. This is where the struggle for justice and democracy lies. We must all have a future. We must all have the possibility for opportunities to tend and nurture our families.

If any of us remain invisible, expendable, unessential, we sacrifice our shared future.

So Senator Wellstone, I implore you to keep those women and children, those families, in the forefront of your mind when you return to Washington. I charge you with the responsibility of illuminating the fact that it is essential for all of us to have the opportunity and possibility of higher education.

There are many needs—child care, transportation, grants and the understanding that parents who are students are unique and have unique responsibilities.

Thank you for having us today. [Applause.]

Senator WELLSTONE. Thank you.

I think I'm going to go in reverse order if that's okay, and anybody who wants to jump in at any time may.

First, Melissa, I want to ask one specific question just so that I understand this. With an AFDC grant, when you get the Pell grant and others, is that then treated as income? Do you know how that works?

Ms. TREBESCH. I don't believe that Pell grants are counted against AFDC, but when you are on AFDC you usually receive food stamps—I'm not sure of the exact amount—but when you receive loans and Pell grants, they are counted against that, so you end up with reduced income; you have less money to feed your family with if you go to school.

Senator WELLSTONE. I have heard about this from different women—so it is actually counted against the food stamps?

Ms. TREBESCH. Right, so that you receive no food stamps whatsoever.

Senator WELLSTONE. OK. What is the rationale for that—and it's not your policy; I'm not asking you to defend it.

Ms. TREBESCH. I haven't checked out with the bureaucracy exactly why it exists that way, but I believe it's because it is considered that you will have more available resources. But that doesn't make sense when you have a lot more expenses when you are going to school.

Senator WELLSTONE. The pressure, I take it, given some of the cultural stereotypes and scapegoating, is to keep down benefits at as low a level as possible, and thus you begin to make that kind of decision.

What was your experience going back to school with a child? Could you just give me a little bit more of a feel for how your expe-

rience was different from other "nontraditional" students who were going back to school but didn't have a child or children to take care of?

Ms. TREBESCH. I remember the first time it really hit me was when I had transferred to the university, and I was sitting in an honors class with 20 people—I was sitting there, trying to compete, and people were talking about what they were going to do that weekend, and I was struggling, trying to figure out how I was going to get my homework done and my papers and my work-study job and be able to compete against those other students. That was one of the clear examples to me, and I thought this was really unfair, that I was competing against people with much less responsibility, and yet the expectation was exactly the same as far as credit levels for financial aid and things like that.

Senator WELLSTONE. Duana, this is a little longer range question. You described very well how Upward Bound has really made a huge difference in your going on for more schooling. How about career plans? Has it had any effect on your thinking about what you see yourself doing in your life?

Ms. LABOSTRIE. Yes, I guess it has. Since I was a freshman, I always had an idea about what I wanted to do for my future, but as I started becoming more serious with Upward Bound and more serious about my future, my career goals started to become more concrete, and that's when I decided that I wanted to major in psychology because that's something I'm really interested in.

Senator WELLSTONE. Why psychology?

Ms. LABOSTRIE. Because I'm really interested in what goes on in the brain, and I love to hear other people's perspectives on life, and I'm really good at dealing with other people and talking to people of all ages. I give a lot of good advice to my mom. [Laughter.]

Senator WELLSTONE. Well, you have given a lot of good advice to me.

Keri, I probably will steal this line, but it's not a line, it is for real, and I won't really steal it. You said something like for students it is not a question of mortgages on our homes, it is rather a question of mortgages on our future. I thought that was powerful.

One thing that you touched on, too, that I thought was pretty interesting—and I would imagine we might hear about this from a number of other students in open mike—you also worked it back home. In other words, you talked not just about your own pressures, but the ways in which this situation right now—which I do think is really intolerable—creates a lot of—trade-offs that have to be made.

I remember we went through this discussion in our home. When Sheila and I were married, back then, I went on to school, and she supported me. She would like to go back to school, and about two or 3 years ago we had some discussion about trying to muster up our resources and apply for aid on for her. And her position was that, no, it's going to be Marcia or me, or Mark or me, but we can't really do both. I was a teacher and certainly right there in the middle. Now, you know, I'm a United States Senator, I'm wealthy, there's no problem. [Laughter.]

I think I've got one question for you that really is tailormade for you. I sit in committee hearings, and we talk about more grants,

the concerns and circumstances of students' lives, traditional/nontraditional, what we have to do to invest in education—I have heard that a lot today—and it always gets back to the deficit. It always gets back to trade-offs, at least as the budget is now structured, which I personally think is kind of an awful way. So the argument is that more money for Pell is less money for Women, Infants, Children, or less money for Head Start or for housing or for health care.

This comes up over and over again in budget negotiations, and then the issue is that, well, maybe we should talk about the "T" word; we just have to raise more revenue to do what we need to do. And then there are others who say why can't we make some cuts in the military budget or the Pentagon budget.

I guess what I'm interested in is what would you say in that debate. In other words, your claim becomes one of a number of different claims. I think you have spelled out in a pretty eloquent way what it is like to be a traditional student, middle income, and some of the pressures. How would you respond to that?

Ms. HUNTLEY. If I knew where we could come up with the money, I'd be sitting there, and you would be here. [Applause.]

Senator WELLSTONE. That's the oldest tactic in the world. No, no, no. I do think you've got something powerful to say about it. I'm serious. You are in that debate, and you are hearing people say, "We just don't have the money. There is a deficit. It is just one of many claims." I think you feel pretty strongly about it. You finished up your talk by saying—and I can't remember the exact ending, but it left this room kind of quiet. What would you say about it?

Ms. HUNTLEY. I think everyone here today has said the same thing. It is a matter of priorities. I don't know how you can go out and get more money unless it is through taxes, and I don't advocate raising them because you never know where the money is going to go. You can say I'm going to raise taxes for education, and it will go to the military.

But I think you have to look at it as an investment. If you don't put the money into education, you're going to have fewer and fewer educated citizens. And where are we going to be in 30 years when the majority of our population is not educated?

I can't tell you where the money is——

Senator WELLSTONE. No, I didn't ask you for that. I just meant to argue the priority, just the sense of how strongly you feel about this.

Ms. HUNTLEY. You can put all the money you want into domestic policy and foreign policy and the military, but how much good is all that going to be in the long run when you don't have people educated enough to run the country, to govern, to manage businesses, and to teach other people?

Senator WELLSTONE. Or to think on their own two feet. I mean, I think the whole essence of democracy is you've got to have citizens, men and women, who can think on their own two feet. We always argue it in terms of the economy, but I get worried when people are not able to critically understand the decisions that are being made that crucially affect the quality or lack of quality of their lives. I really think that that is part of it, too. Any society that

doesn't invest in education I think runs the risk of not being able to continue with this enterprise of self-governance.

Real quickly by way of finishing up—and we'll take a brief break before we move to open mike—I think that Mr. Johnson's proposal, the director of financial services at Augsburg, was kind of interesting, Keri, because he was talking about trying to develop some kind of a fund and the whole question of loan forgiveness for students who go into public service. You kept trying to talk about the sort of Catch-22 all the way up.

I have met students both at a lot of law schools and at the medical schools who say the exact same thing; first it is undergraduate, and then it goes on to graduate and just gets worse, and it severely narrows what we can do. And I always think that it is not for me to judge what is great for society and what isn't, and I don't tell people that what they do is unimportant, but I do think it is a shame when certain students feel that they want to be involved in what they define as public service, and they can't do it for financial reasons.

Before we take a break, let me quickly make some introductions—I have been remiss in not doing it—and then I want to thank the panel.

Jeff Griffith is deputy press secretary, and Jeff came out here from DC. [Applause.]

I also want to introduce Jeff Blodgett, who is director of the Minnesota office. [Applause.]

Marcia Keller—I'll tell you, sometimes friendship is the most important thing in the world, and I just can't believe that Marcia is now working with us. She has an incredibly rich experience of working in public service and is very interested in special projects, in economic development. She is going to be working with us, and I wanted to make sure that Marcia was introduced. [Applause.]

Is Allison Cutler still here, or did she leave? She left.

Is Larry Dunham here? Larry Dunham is outside and was greeting people as they came in. He was a railroad worker in the past and has done a lot of different things. As my dad would say if he were alive, Larry has majored in "Life" with a capitol "L." He is just a wonderfully wise person.

And then finally, is Jonathan Lenke here?

[No response.]

Anyway, I got a chance to introduce some people who have really helped out. We will take about an 8-minute break and then go to open mike.

Thank you very much to the panel. I really appreciate it. [Applause.]

[Short recess.]

Senator WELLSTONE. We will now move to the open mike part of this formal hearing. Again, our idea is to start out with panels. Some of you have sat through a good deal of today's testimony, and I have to say that I see a lot of different ways that that testimony can be directly translated into legislative initiatives. So it is really important that this be a part of the official record of the Subcommittee on Education, Arts and Humanities, and that's what this hearing is today. I believe there are a few other hearings being

held around the country, and this morning was just absolutely incredible in terms of some of the testimony.

On the open mike, we have a lot of people, and we're going to try to get through as many of you as possible—I don't think I put that very well—"get through as many of you as possible." I am really looking forward to listening to what you have to say.

If we run out of time—and I hope that you can keep your remarks fairly brief—but if any of you should not have the opportunity today, please submit your remarks in written testimony, and up until May 10th, I can then insert that as a part of the formal record. So just in case we don't get all the way through, you can do that.

I have asked Jeff Blodgett to kind of read names and take people in the order of their signing u.

Mr. BLODGETT. Just a few things to keep in mind, please, because we do have a lot of people—If you could please remember to keep your remarks brief. If you could shoot for keeping your remarks to 2 minutes, that would be helpful to us.

This is a hearing on the Federal Higher Education Act, and we do ask that you keep your remarks focused on Federal higher education issues.

Please State your name, address, school and/or organizational affiliation at the beginning of your talk, for the record. And if I pronounce your name wrong, I apologize.

The first person to testify is Shawn Towle.

STATEMENT OF SHAWN TOWLE, MINNESOTA STUDENT COALITION

Mr. TOWLE. Hello, Senator. My name is Shawn Towle, and I am a senior at the University of Minnesota, and I am chair of the Minnesota Student Coalition, which represents 260,000 students from the States's five higher educational systems. I am a former community college student and a veteran of the United States Coast Guard. I thank you for this opportunity to address my concerns and those of other students regarding the reauthorization of the Higher Education Act of 1965.

Let me start by explaining to you some of the things that I have learned in recent weeks from my international business class. We have been discussing the concept of comparative advantage. Comparative advantage is the ability to produce goods and services more efficiently than others or, as we say in Minnesota, doing what we are good at. But what is our comparative advantage?

I quote from my text, International Business: "America's best change to slash the trade deficit and recapture its comparative advantage in many markets will not be found in the conventional wisdom of a weaker dollar or of lower labor and capital costs, although it is difficult for policymakers and business people to understand. The ability to compete now depends less on classical sources of comparative advantage and more on the ability to nurture and protect ideas. The considerations of labor and capital intensity are focused on the past. American industry is brain-intensive, and intellectual property is one of the most valuable assets a company or

a Nation can possess. Protecting the intellectual property is what will give America its edge in the world markets."

Our vision must be that of investment, as we have heard today, in all forms of education. This is our best national security. With an investment in our human capital, we will be able to survive our current budget problems and prevent future crises from occurring. No longer in this "new world order" will global power be based on military might, but rather, intellectual abilities.

During our shift from the technological age to the information age, those of us who can adapt will flourish. The idea of investment in our country's future—education—must remain on budget is absurd. If we can find money for Persian Gulf conflicts and savings and loan debacles, we should be able to provide better funding for our Nation's welfare.

We are now facing a social crisis of staggering proportions, and to quote Gene Lamar, the president of the student government association in New York City, as you heard in the testimony that took place in Washington, "You can pay to educate us now, or pay to protect yourselves later." Education is the only means through which people are able to break down class boundaries. If we allow the costs of education to place people out of reach of what they need to attain, then we will have to deal with their attempts at survival. The results of less investment in education is more money for prisons.

We must stop looking at these programs as debits on the Federal budget and start looking at them as credits to our national recovery. The Federal Government must understand that we do not recognize a loan as financial aid. Financial aid comes as grants, and nothing else. That is equity.

Since 1980, the grant-to-loan ratio flip-flopped from a 60-40 relationship to a 40-60, the trend being to provide as many loans, i.e., debt, as possible. Sure—I want to be putting off buying my house until I am 40.

The principal grant that reflects student need is the Pell grant. Let us look at the history of this program. Congress has consistently authorized a higher level of funding than they have provided. The current level is $2,300, but the original authorization, adjusted for inflation, is $3,700.

Changes need to be made in this program to assure that it meets the students' real needs, while at the same time not doing as the Bush proposal states—cutting out 1.1 million people from the program to achieve this parity.

How will this level of funding be determined? Currently, adjustment are made relative to the Consumer Price Index. This is not an accurate representation of the costs that students face. The CPI may be 5 percent, but book costs leap at 35 percent. The Federal Government should develop a student CPI.

The Bush administration has proposed changing the independent student status age to 26 years of age. What does Mr. Bush expect—all of us to live at home until then?

No longer is the average student 18-22 years of age. The average age of the student at the university is 26.9. This proves that many of today's students are not taking 4 years out of their lives right after high school to receive their degree. But this also does not

mean that we should deny these people the ability to finance their education.

Students receiving Pell grants should be supported until completion of their degree. Pell grants should be made available at a maximum credit level, such as 200 credit hours, or the semester equivalent. A student should not be cut off before completion. This type of proposal may seem to encourage a slower participation rate, and this can be nullified by providing pro-rated aid amounts based on number of credits taken—more money for 15 credits, say, than 12. The oversight for this, as with all other financial aid programs, should reside with the financial aid administrators. A local response to these types of concern is best.

In closing, in dealing with the loan programs, we can reiterate that they are not financial aid. Why is it that Exxon is able to write off the Valdez oil spill as a loss, and students aren't able to write off the interest on their student loans? How can the Federal interest subsidy be deemed a good deal when consumer loans are approaching equal value? To remedy this, the interest payments on loans for both State and Federal should be tax-deductible.

Finally, the Federal Government should remove the private lending institutions as middlemen from the student loan program. [Applause.] This would free up over $4 million that could be placed in the loan program. A loan coming directly from the Federal Government and through the academic institution will strengthen the relationship between lender and recipient and thereby prevent defaults. [Applause.]

Senator WELLSTONE. Shawn, I thank you for your testimony, and I know you had to race through it to try to meet that 5-minute limit. That is hard to do, and I'm sorry you had to do it, but I really appreciate it.

I think we'll move along, and when I don't respond to what people are saying, it is not because I am not listening carefully or I do not think it is important, but we will just not get through otherwise. So I'm just going to listen.

Mr. BLODGETT. Beth Randall.

STATEMENT OF BETH RANDALL, STUDENT LOAN TASK FORCE

Ms. RANDALL. My name is Beth Randall, and I live at 700 East Cook Avenue in St. Paul. I work with low-income families who live in inner-city housing, rehabilitated by Project for Pride in Living. Today I represent the Student Loan Task Force.

Thank you, Senator Wellstone, for the opportunity to address the inequities in the Higher Education Act regarding the impact of current student loan policies on persons and families with low incomes.

The Student Loan Task Force is a group of direct service providers and concerned individuals, including some who have been in default, who meet regularly to address the problems of the current financial aid system, particularly defaulted student loans. Our goal is to help avoid defaults, assist individuals deal with the defaulted student loans, and propose changes in a sick system to eliminate default problems in the future.

From 1965 to 1979, $10.4 billion in student loans were borrowed. From 1980 to 1985, only a five-year period, $50.4 billion in student loans were borrowed. The cost of college, eliminating inflation, has risen by 40 percent in the last 9 years. At the same time, family income grew only 33 percent; Federal assistance for students rose a mere 3 percent.

According to U.S. Senator Paul Simon, "Not only has student financial aid dropped; it has been twisted."

We have shifted from an emphasis on grants to loans. This actually costs the Federal Government more money. We not only subsidize student loan interest, but we pay for defaulted loans. Of the money provided for student loans in 1990, 43 percent is not going for loans, but to pay for defaults.

The 1988 Belmont Task Force convened by the House Subcommittee on Postsecondary Education found a high correlation between income level, employment status and default. In its final report, the task force went so far as to say, "collectively, these findings indicate that a significant number of students who default are members of ethnic minority groups and come from low-income families who are unable to help their students finance educational costs."

The present evidence points to a shift in the population using the GSL, now Stafford loan program. As a part of this shift, individuals with very limited resources and academic preparation are taking out loans, enrolling in an educational program, failing to complete that program, and subsequently finding themselves unemployed. The Belmont Task Force referred to these borrowers as "structural defaulters," and in most cases our defaulted clients fit this description. What does not come across in the description, however, is that most of these clients pursued education in good faith, hoping that school would result in a career and a better life. Circumstances derail their plans, and when we see them, they remain poor, unemployed, on assistance and stuck. Perhaps the most damaging penalty is the exclusion from student financial aid. Thus they find that the one door to self-sufficiency—education—is closed and locked.

For some, payment is a possibility, but most are working low-paying jobs or are on government assistance, and paying off their student loan amounts to a cruel joke.

There are two basic options available for our clients: enroll in a program that may provide funding for training, such as DRS, JTPA or Project Stride; or, try to negotiate an acceptable payment plan. Many times, payments are refused by unreasonable collection services and guaranty agencies. The Department of Education is not getting their money back because someone is refusing a payment.

The reality of maintaining a payment on a limited income can be painful due to the accumulated interest and collection fees that can easily double the original loan amount. In one case, a client now owes over $12,000 on loans originally totalling under $5,000.

It should be noted here that while the Department of Education does set most policies regarding student loans, guaranty agencies have more control over their payment policies than it might appear. For instance, a guaranty agency can grant a forbearance on a defaulted loan, but in practice they never do, regardless of the

circumstances of the default, including persons with disabilities or persons who have become homeless. Yet the guaranty agencies still give the impression that they are powerless pawns at the mercy of the Department of Education.

So what can be done? The Belmont Task Force recommended increasing funding for grant programs such as the Pell grant to a level where low-income people could avoid student loans to finance their first year of postsecondary education, thus eliminating making costly mistakes and being victimized by profiteers posing as educators. Our task force would like to see the government take back its regulatory responsibility by monitoring taxpayers' investment in higher education. [Applause.] If this responsibility is accepted, it would defray costs to the State, county and local governments who now bear more than their share of the cost of training and assistance programs for people who have default loans.

In fact, in Minnesota, taxpayers are even subsidizing a new guaranty agency due to the insolvency of the largest guarantor in the Nation, HEAF. And by the way, the new guaranty agency, North Star, has opened today.

It is clear that the student loan industry has become a profit-making venture, not for students, but for grantors, attorneys, collection agencies and fraudulent schools. Instead of the old pictures of dentists, doctors and lawyers of the 1970's defaulting on student loans and driving Mercedes, we now have middle-income families who receive little if any aid, or go thousands and thousands of dollars into debt to try to get out and into a better life. We have created a permanent debtors' prison for low-income individuals while the government continues to subsidize what some believe to be another S and L crisis.

Thank you. [Applause.]

Senator WELLSTONE. Beth, I do want to say two quick things before you leave. One, again, it is not so formal that if people want to applaud, feel free to do so. I certainly don't want anybody booed, because that is just not appropriate. Second, I want to tell you two things, Beth. First, I was thinking to myself as I was listening to you that your perspective—and Roberta and David have sat in on the committee hearings—we don't hear that perspective at our committee hearings, and I'm really so pleased that this is part of the formal record.

Ms. RANDALL. We are here. Thank you.

Senator WELLSTONE. The second thing I want to tell you is that I love people who talk with their hands, and I was watching your left hand go out as you were speaking.

Ms. RANDALL. I'm a speech major.

Senator WELLSTONE. I thank both you and Shawn.

Mr. BLODGETT. Is Steve Watson here?

[No response.]

Mr. BLODGETT. Duke Hamilton.

STATEMENT OF DUKE HAMILTON, PRESIDENT, TWIN CITIES OPPORTUNITY INDUSTRIALIZATION CENTERS

Mr. HAMILTON. Thank you. My name is Duke Hamilton. I am the president of Twin Cities OIC in Minneapolis.

I think many of my colleagues and educators around the State of Minnesota, and I imagine that you, Senator Wellstone, also are aware, that our school heads the default list. We are a nonprofit institution. This year, we are 25 years old. We have trained 20,000 individuals on a nontuition basis. We have never charged a student tuition for enrollment.

We are an accredited institution by North Central, and all of our instructors are certified by the Minnesota Department of Education.

We have provided this training to individuals free-of-charge because it is our philosophy in the Opportunities Industrialization Centers of America to provide training to disadvantaged individuals who have failed in their lives at one time or another either through incarceration, through chemical abuse, and other kinds of social ills. These individuals are sometimes tossed away by society and not allowed a second chance.

In the Opportunities Industrialization Centers around the country, we have adopted a tuition-free policy for individuals to be trained in various occupational areas governed by the labor market needs of given areas.

I am sure that you, Senator, know of the perils that minorities face with regard to educational opportunities. My financial aid officer was here this morning, but I felt compelled to come this afternoon and try to speak to you about my concern about the default issue.

I want to tell you the story of TCOIC. We were accredited and authorized as an administrator of Pell grants in 1982. By the middle of 1983, we detected that students were enrolling in our school to acquire student loans. We in turn notified the regulatory agency in Chicago, the U.S. Department of Education, that we suspected that many individuals were enrolling simply to obtain student loans and would not be completing our programs. They told us you cannot discriminate, you cannot use discretion in your judgment in issuing student loans, thereby compelling us to continue to issue student loans against our best judgment. That is why our institution had so many loan applications in the pipeline that we voluntarily withdrew after 9 months of trying to convince the Department of Education that there were unscrupulous individuals applying for student loans—that we felt were unscrupulous. But they insisted that we continue to issue these student loans.

We said okay, since we have to continue to issue these student loans, we had found that many people were applying for student loans, and 2 days later were out of school; we never saw them again. So we voluntarily withdrew as a school issuing student loans because we felt that we were reaching the saturation point, which at that time was 20 percent. By the time we cut off our student loans, our default rate we were notified had risen above the 20 percent level.

There were so many loans in that pipeline that we wound up with about a 50 percent default rate in our school. It is not surprising, particularly to us, and as the president of the student council from the university, and Shawn and Beth have just articulated to you, that minorities suffer the greatest harm from being denied educational opportunity through Pell grants.

I wanted to explain that to you, Senator, and put on the record the reason for TCOIC's high default rate. It was not at our own making, but we were compelled to continue to issue these loans.

My principal reason for coming today to articulate to you personally and on the record is my concern that our institution and minority students are being denied Pell grants. I think that if a student has a defaulted loan, sure, cut off the availability to further loans, but don't cut off the opportunity for education through Pell grants. [Applause.] To deny a student continued support for education is like saying okay, go to the street, peddle crack, break into someone's car in a parking lot. These individuals who have finally made up their minds—and I think Shawn made a very good point that the mean age today is 24—I think that that age group shows you that it is not the 18 year-old who just comes out of high school who is being deprived, but it is that individual who has not chosen to go directly into college but has chosen to do other things. And many of those individuals have, because of no circumstances of their own making, been victims of some kind of social ill.

So that was the main point that I wanted to make to you, that despite some individuals being compelled to take these student loans for economic reasons and then having to drop out of school, and then deciding to come back to seek an education when they have finally made up their minds to go ahead and be self-sufficient, are denied the Pell grants at that time.

So I appreciate this opportunity, and I commend you for these hearings. [Applause.]

Senator WELLSTONE. Thank you, Mr. Hamilton. It is part of the record. Thank you very much for the statement.

Mr. BLODGETT. Noreen Buhmann.

STATEMENT OF NOREEN BUHMANN, STUDENT, MINNEAPOLIS COMMUNITY COLLEGE

Ms. BUHMANN. I don't have any statistics or anything; I'm just here to tell you what it's all about from my point of view.

I am a single parent, 28 years old—the same as probably half of the students here who are women, anyway. My concern is for my education, of course, but I will get through school. I have good grades. I'll get the scholarships and do what I need to do. My concern is for my daughter. By the time she is old enough to go to school, she may not be able to. I don't think it should be a right; it should just be.

That's really all I have to say. [Applause.]

Senator WELLSTONE. I think that by bringing your daughter here today, you are making the point that on present course it is just going to become so expensive that even if you do well in school, which you obviously are doing extremely well, and end up doing okay in terms of a decent job, you still don't know whether you will be able to support your own daughter. And I think that is right on the mark—whether you are nervous or not, you said exactly what needed to be said.

Thank you very much. [Applause.]

Mr. BLODGETT. David Isham.

STATEMENT OF DAVID ISHAM, FINANCIAL AID COUNSELOR, UNIVERSITY OF MINNESOTA

Mr. ISHAM. Good morning. My name is David Isham, and I live in South Minneapolis.

This is my first time participating in one of these things, and I'm kind of nervous, so be gentle with me.

Senator WELLSTONE. If you'll be gentle with me. You're bigger than I am, so I'll certainly be gentle with you. [Laughter.]

Mr. ISHAM. Fair enough.

As I was sitting here this morning, listening to all the testimony and what is transpiring and what this is all about, my background has a commonality with everyone who has spoken here today. I am a product of financial aid. I graduated from the University of Minnesota. I am now reciprocating because I am a financial aid counselor at the University of Minnesota as well.

I am at the grassroots level, if you will. I have the opportunity to work with these students on a day-to-day basis. They express concerns to me that sometimes I just don't have answers for. They have great concerns. Unfortunately, a lot of the students that I have talked to could not be here today, so I guess the obligation does fall on my shoulders and the responsibility therefor.

They are at school, doing what students are supposed to be doing. They are school, taking care of their studies. Their concerns are justifiable. Will there be financial aid for them to continue their education? If there is financial aid, what type of financial aid? I deal with many different types of financial aid—grants, scholarships, loans, work-study.

I have been in financial aid for 5 years, and I see a lot of these scholarships and grants. This year, we even ran into problems with work-study for the first time because we see more and more students who are willing to make the trade-off to keep their indebtedness down. So we over-awarded on our work-study, and we're running into some problems with our work-study this year, but I think that is an indication of what the n the scene who work with it more chance to figure out what the best way might be in Rhode Island, which might be different than it is in Tennessee or Mississippi.#I21So it is more a matter of giving more flexibility in three programs that have a very good purpose, and we think it will make them work better, not worse.#I21Senator Pell. But some of these programs really are pretty successful. Will you be examining them with to-day bills, not frivolous things such as VISA cards and Master cards. These are bills just to survive so they can concentrate on their studies. If they can't concentrate on their studies, they are going to do poorly. If they do poorly in school, they are going to be cut off from financial aid. So as everything else here, it is like a Catch-22.

So I would like to reiterate that there is a great need for financial aid for a lot of people out there. They depend on it. The people that I deal with on a day-to-day basis are very concerned about it. Their wants and their desires are genuine. They want to get their degree. They want to be productive members of this society, but they need the assistance and the help.

I thank you for the opportunity, Senator. [Applause.]

Senator WELLSTONE. That was a powerful statement. Thank you very much.

Mr. BLODGETT. Charles Cantale from Mankato.

STATEMENT OF CHARLES CANTALE, DIRECTOR, UPWARD BOUND PROGRAM, MANKATO STATE UNIVERSITY

Mr. CANTALE. I appreciate the opportunity to be before you today, Senator, to talk about the relevance of the TRIO programs and Upward Bound in general.

My name is Chuck Cantale. I am an associate professor of education and the director of the Upward Bound Program at Mankato State University in Mankato, MN.

I come from a low-income family in Cleveland, OH and was the youngest of six kids. There was not a lot of emphasis placed on postsecondary education. In fact, of all my siblings, I was the only one to go on to postsecondary education.

It was only through sheer determination that I even went on to college, since I was advised not to go on, that I was not college material, and I was too old to get a good vocational job.

Having no role models except for some of my teachers, I did just that. I went on to be trained as a chef and did not go on to postsecondary education. Then, after realizing that I was able to make it, I went on and received my degree. Becoming a chef was not my goal, so I went on. I wanted to teach in the inner city, to provide guidance to students who were in similar situations to where I was during my formative years. Because of my background and the realization that I may have missed out on a formal education, I am driven as an Upward Bound director.

Upward Bound seeks students from low-income and academically disadvantaged backgrounds and students whose parents do not have a college education and provides the needed educational, social and cultural activities needed to achieve postsecondary education. The students we work with are not often polished or refined when it comes to education. The Upward Bound program works with these students to give them a sense of purpose, direction and value of education.

The students we work with are sometimes seen as failures by their schools, their communities, and even their parents. Sometimes the students see themselves as failures also. They lack motivation and self worth. Therefore they never see a reason to excel or make themselves better. Thus they resign themselves to a loser mentality.

On the inner city streets as well as in rural America, it is pretty much understood that one will not advance himself well or find upward mobility without a college education. Quite possibly the best solution to overcome failure is a good education, although the adverse effects of poverty, illiteracy, and poor social conditions cannot be overlooked. Faulty educational processes may be the main cause for many young people's failure in school. Unless we begin to provide learning situations in which young people, through reasonable applications of their capabilities, can succeed, it is logical to infer that we will do little to solve the majority of problems of our country.

It has been shown for the most disadvantaged child that improvements in school quality will make the most difference in achievement. Where children come from homes in which failure is a part of daily life, poor education leads to no motivation. Without motivation, or just enough to fight an irrelevant education, these young people fall into a lockstep failure for life. A person will not succeed in general until he or she in some way first experiences success in one important aspect of his or her life. The Upward Bound program seeks to become that first step, an intervention program to provide young people who possess academic potential with an opportunity for meaningful experiences.

TRIO programs serve students from rural, isolated areas in Minnesota, Wyoming, North Dakota and many other States that have rural isolation. They serve students from inner city slums and ghettos, from Cleveland, Detroit, Los Angeles, or wherever there is a ghetto or a slum.

It is important that you understand that these educational programs are covered under the Higher Education Act and are not a liability to our country's budget. They are investments in the future. You might ask what is the payoff for these programs. Senator, let me assure you that the payoff is an educated youth who will be productive and potential taxpayers for our country; the youth who will make the decisions in our future, for our future.

Our choice is to pay now and educate these young people so that they make wise and knowledgeable choices in the future, or we can procrastinate and leave our future in the hands of others and continue to increase the welfare rolls with these young people who lack determination and motivation for success.

I will be submitting to you several student statements which express their feelings on the Upward Bound program. I am sure you will see their sensibility and their sincerity in their writing.

However, Senator, it has been said that upon the sands of procrastination lie the bones of countless thousands who, upon the brink of victory, stopped to rest, and in resting died. Therefore, Senator, I am asking you not to procrastinate when it comes to determining the future of our youth. It is up to you to continue to provide educational programs such as TRIO so that disadvantaged youth of America have the opportunity to become truly upward bound.

Thank you. [Applause.]

Senator WELLSTONE. Chuck, I'd like to thank you for coming up from Mankato. Your testimony is important to me. You speak with a sense of urgency; I think you used the word "driven." I'm sure you are driven, and it is really inspiring to see somebody as committed to their work as you are.

Thank you very much.

Mr. CANTALE. Thank you, Senator.

Mr. BLODGETT. Susan Taft.

STATEMENT OF SUSAN TAFT, STUDENT, ST. PAUL, MN

Ms. TAFT. I am Susan Taft from St. Paul. I'd like to thank Senator Wellstone for his victory. It is nice to have a Senator you can feel good about.

Senator WELLSTONE. I was waiting for somebody to say that. [Applause.]

Ms. TAFT. I have one statement which was just mentioned, so I won't make a big deal about it, but I think we can all assume that most people who struggle for financial aid and to get through college have a career in mind, and I'll bet we could do statistics on the tax dollars that come in after these people graduate, the financial aid costs and things like that. I think we all want to make money after we get out of school and pay taxes.

My story is duplicated probably by the millions. I did have a college education back about 20 years ago, but in 1988 I fell on my head, and when I healed up, I had lost half of my hearing and developed a very serious case of tinnitus, which is head noise, and a real sensitivity to sound in general, so that everything I had ever done was almost impossible for me. I developed a real bad case of wanting to stay home.

I was in Louisiana at the time, and Louisiana has very dismal social services, I think. I came back up here, where I am from, and I contacted DRS, who was kind of running out of money at the moment; they had supply money for me, but no tuition. So I am going Pell grant, and at the moment it is very difficult for me to even maintain that 6-credit minimum that Pell grant requires for you to stay in school, although I am doing that.

I guess the whole reason I'm saying this is that the circumstances that brought me to school to find a career I could live with—a nice, quiet job, sitting at a computer, perhaps—could happen to anybody. It could happen to anybody at any time. So I really have no choice. There is nothing I can do. It took me a year to get doctors and surgery and this and that, to get my status with Ramsey County to where I do not have to work and go to school at the same time.

As of August 1st, there is a new law in at least Ramsey County that says I am on general assistance. It says—unless you have a doctor's okay—you must look for work eight hours per day plus go to school at the same time. I got that waiver, but nonetheless Pell grant right now is it.

I think I said this morning that my whole future hangs on financial aid—of course, that's not true, but in my mind what I want and need revolves around financial aid. There just isn't anything else that I know of.

So thank you very much. [Applause.]

Senator WELLSTONE. Thank you, Susan. I appreciate it.

Mr. BLODGETT. Joe Travascio.

STATEMENT OF JOE TRAVASCIO, STUDENT

Mr. TRAVASCIO. Well, Paul, I tell you, I came back to school at the age of 70. I'm going on my third year at school. I'll be a junior, and I will be 73 years old. [Applause.] Thank you.

Paul, I spent 10 years of my life outside the continental limits of the United States; six of those years, I spent in the military. I abominate the military because there is so much money being spent foolishly on what is technologically obsolete within 6 months,

and the people who are suffering are these young people right here, in education.

I have heard all my life about education. But what do we mean by education? Do we mean some subjects that are completely obsolete, or subjects that should be relevant to earning a living, a decent living, so we can have homes and families without any kind of malfeasance or malnutrition in families.

I have experienced this in my life. I grew up in the 1920's and the 1930's, and I saw a heck of a lot of destitution—more so in that era than there is today—and it is getting to be that way now, it seems to me.

I strongly feel, Senator, that our seniors in this country today remain untapped; they understand what vocational training and guidance is. We are being completely ignored by the Federal Government. A lot of us are veterans, Senator—I am one of them—and we are not even recognized by the government. And here, the President of the United States is a World War II veteran, just as I am. So I get pretty damn angry when we, the people—that's what the Constitution of the United States says, "We, the people"—when we begin to educate people, especially the youngsters, we must begin to tell them this country belongs to the people, and we, the people, should vote for people who represent us in the Congress, in the local legislatures, with the emphasis on human rights, not property rights, educating people so they will not be against each other, or segregated, as I have seen in my whole life.

These are things, Senator, that I am very, very cognizant of, and I have tried to do this here, to fight against all forms of inequities in our society.

Thank you very much. [Applause.]

Senator WELLSTONE. Thank you, Joe. Knowing you and knowing how you have devoted your life to what you believe in, I was thinking, "He's not going to do it in 5 minutes," and I was really worried. But you did, and thank you very much. [Applause.]

Mr. BLODGETT. Ben Dworsky.

STATEMENT OF BEN DWORSKY, MINNEAPOLIS, MN

Mr. DWORSKY. When I woke up from my coma in 1987, I couldn't read, I couldn't write. Before I hit the ground, I had been a teacher, and a teacher-turned-businessman. Without family help, I would have ended up on the street. With the help of Sister Kenney and with MCC, I am working my way back steadily and starting to feel pretty good.

I am not eligible for any more money. I used all my money while I was going to school, and in fact I just finally paid off my last student loan that certified my master's. So even though I am on this side of a head injury, I just got my master's degree 6 months ago.

As we were discussing the real needs of people in the country, the thing that occurred to me is that the problem is not so much where the money comes from and who the money goes to; the real problem is that we are developing a totally illiterate population, and something on a global scale, a larger scale, needs to be done.

What I am suggesting is that we look for or develop a test for everybody, regardless if they are 15 years old of 70 years old, a

basic skills information test that will be available for everyone, and based on the level of that test, training and education and learning be made available to them on a modularized basis. You can go right through segments of math, segments of language, segments of just about anything and develop it, and then you can go on and have those modules displayed in a resume or just use them in your own life.

One of the things that I worked hardest on in my own personal development was trying to go through and relearn math. I was a math/science major, and I had to go through and relearn my times tables. When I went in to be tested to see where I stood at DRS, I went through my same old thing that I taught my high school students—what are the times table rules. I was singing songs, "Two times two equals four," and so on; I used those myself at 45 years old.

So the reason I am here first is to support you—I had a good time voting for you, and I had some fun working at your office over in St. Paul—and I think that something like a national test for all adults would be something that would be of great value to the country, because the Japanese aren't going to beat us, the Germans aren't going to beat us, the Russians aren't going to beat us. We are so busy beating ourselves up that nobody really has to.

Thank you. [Applause.]

Senator WELLSTONE. Thank you, Ben.

Mr. BLODGETT. Holly Williams.

STATEMENT OF HOLLY WILLIAMS, STRIDE SUPPORT SERVICES, ST. PAUL, MN

Ms. WILLIAMS. Hi. My name is Holly Williams. I reside at 1367 Palace Avenue in St. Paul.

I work for Stride Support Services in Ramsey County, which works in conjunction with Project Stride, the AFDC welfare reform program for the State of Minnesota. Federally, this is known as the Jobs Program.

I would like to share with you just a little piece of what I do. About three or four times a week, I provide what is called the Stride orientation for everybody coming onto AFDC in Ramsey County. By law, everybody who comes on to AFDC at intake is scheduled for an appointment to come and hear me talk about the Stride program, tell them what it is all about.

About half of the people who come to see me are eligible for the Stride program. The other half are not; they have to hear it anyway. The reason they have to come to hear the Stride orientation is to hear the State mandate. The mandate is that AFDC is to be seen as a temporary option, not as a way of life.

Project Stride, with Federal funds and State funds, was put together to help people pay for child care, pay for tuition, pay for transportation, books, fees, and tuition. All of that money has dried up. there is no money to take any new people. Still, in 45-degree-below-zero weather, people have to drag their kids to St. Paul TC and hear me say AFDC is to be seen as a temporary option, not as a way of life.

When people start to think about what that means—and what we talk about is education, we talk about training—and something happens inside of people, and they think, "Oh, yes, right. I didn't get on AFDC to stay on it for my whole life. That's right. I just did it as a temporary option to get me out of this crisis. I can go to school. I can get training. I can get skills."

So of the people who were eligible for Stride in 1989, 79 percent of the people signed up on the way out of orientation and said yes, I want to do this. That is of course the very reason why there is no funding now, because it was an overwhelming number of people who needed child care; you can imagine the numbers.

What happens when people get excited, and they leave the room, and they say, "Yes, education, that's what I want. Oh, you don't have any money for me?"—what I have seen happen over and over again is people taking out student loans to fulfill that dream. And like I said, everyone by law has to hear that piece of information who comes in. So they are going to catch the bug; it is going to happen. So many take out student loans to cover child care, and many because they don't have the guidance of a professional career counselor are kind of making snap decisions—"Oh, okay, I'll try this school; it looks good." They don't know all the right questions to ask about which school, what placement rate means when a school says 90 percent placement rate, they don't know that a job at Burger King if you have a legal secretary degree is a placement.

So they either do not complete their program, or they complete their program; many end up unemployed with student loan debt, defaults on student loans, and then are never able to get back into an education program.

I just wanted to share with you a little piece of what I see every day, 11,000 people a year who come in and hear that message.

Senator WELLSTONE. Thank you. Before you leave, Holly, I was thinking as you were talking about a couple of different issues. One of them is that I do think that so often there are so many stereotypes about AFDC and about welfare mothers, and it is difficult for them to buy time on national networks to represent themselves. I thought the example you gave of the Stride program was very important to take note of, which is that when given an opportunity, what you had was mothers flooding your office, coming over and saying, "Yes."

Then I think your second point was how sad and almost cruel it becomes when we begin to build up people's hopes and then we can't even provide them with the resources to move forward.

Then the final point, which we haven't talked about at all to day, that doesn't just apply to welfare mothers or the program you are involved with, AFDC mothers, is that somewhere in this discussion—it may come up in open mike; I don't think we've really talked about it directly today with the panels—I don't think there has been much of a focus in the country on the fact that we are in a recession. I somehow feel like it just has not really been discussed the way it needs to be discussed, and it has a tremendous bearing on what happens to students upon graduation, be they traditional or nontraditional, and what the job opportunity structure looks like. Right now, it is a very restricted job opportunity structure which creates all sorts of additional pressures above and

beyond the ones we've talked about today. I think somehow that needs to be taken cognizance of somewhere along the line.

Thank you very much.

Ms. WILLIAMS. Thank you.

Mr. BLODGETT. Denise Puratos.

STATEMENT OF DENISE PURATOS, STUDENT, UNIVERSITY OF MINNESOTA

Ms. PURATOS. Hi. I'm Denise Puratos. I am a Chippewa Indian, and a student at the University of Minnesota-Twin Cities. I am also a nontraditional student. I am the mother of a 7 year-old and a 2 year-old.

I am majoring in three areas of concentration: Architecture, Russian, and studio arts. I am excelling at the U. I am in the honors program, and I have made the dean's list. But in spite of my academic successes, I was about to quit before fall quarter. The reason why was because of our financial situation.

I went through a hard week of despair because I have been doing so well—I have tested out of all the English courses; I have been taking graduate-level English courses, and it has been a major source of satisfaction in my life, the academic enrichment to my life.

The only thing that kept me from not quitting was that 2 days after I had started to deliberate, I got a call from the University of Minnesota housing office that I had been on this waiting list, which is usually a year and a half long, to get student housing. It was because of having that opportunity that we are able to survive as a family and myself as a student.

Also, day care is top priority, I think. Last year I was on a waiting list for nonAFDC help for day care, and I have it now. But last year my husband quit his job, where we did have health care for our daughters, and he took a graveyard shift job, without health care for our daughters. He worked nights and took care of our daughters during the day. It put such a strain on our family, and also a feeling of guilt on me so that I felt I had to do the best I could in school.

I have been taking 17 and 20 credits a quarter just because of this guilt, and I feel that I have to make strides and be worthy of the money that I have been receiving.

As a Minnesota Chippewa Indian, I am entitled to funding from them, and I am so lucky to have that. I feel for students who have had to take out loans and do not have a resource such as I do.

But also, I think the way the funding is set up for day care now, and the way that—I think one of the panelists talked about the Congressional Methodology of financial needs analysis—they don't take into consideration your needs as a family. They take into consideration your needs as a student. And so although I am maxed out on financial aid, I do not have enough to support my family. So last year, I went after an academic scholarship, and I received a Carol McPherson Scholarship—I was one of five out of 120 to receive that scholarship. But I found out that, one, it was taxable; two, I could not apply it for child care, and that it reduced the financial aid that was already available from the Minnesota Chippe-

wa Tribe. So there was no incentive to go after a merit scholarship; there is none at all the way the system is set up now.

Also day care in general—not only for me, but on a national level and for other people—is such a low priority. I mean, people talk about it, but when it comes down to it, it's not there. This year, I was able to get funded through Project Help from the State. Day care costs average about $1,750 per quarter—more than my tuition, more than books, more than almost living expenses themselves. The day care that I feel comfortable with and where I feel my daughters are getting adequate care is far from my house. The one that is closest to where I live, my daughter is not eligible for because they don't take toddlers, they take older children. So I have to take a bus and spend one and a half hours changing buses every day to go and pick up my daughters from daycare, get them on the bus, and bring them home. And in the winter, that meant keeping my daughters out in below-zero temperature at bus stops.

I just want to stress the contribution of the nontraditional student to the university and to the community. Most of the American Indian student leaders on the campus are nontraditional. They give their time over and above the traditional students in our organizations. I have given my time to Project Technology Power, I have given them time on their Math Bridge where we bring in 8th grade students on weekends to work with science and math and computers. I have also served as a panelist for preparatory training in the summer for the 9th through 12th graders. Other students on campus have gone into the public school system and given talks to Indian students and others.

So I just wanted to say that we feel an obligation to return to society what we have gotten. Also, I want to stress on the day care moneys, the way they are currently set up for me now with the State is only on the anticipation of a four-year college program. Architecture is a five-year program, and the professors in the program have said the reality is usually six to 7 years that people need to take to secure an architectural degree.

The way funding is now, the State does not recognize more than a four-year program, which I think sends a message to students to go after the less challenging degrees—get your degree, and get out and work.

That's all I have to say. [Applause.]

Senator WELLSTONE. Denise, it was Russian, architecture, and what else?

Ms. PURATOS. Studio arts.

Senator WELLSTONE. I don't know how you do it all—oh, you get up at three in the morning. I'm glad your testimony is part of the record. Thank you very much.

Mr. BLODGETT. Michael Reilly.

STATEMENT OF MICHAEL REILLY, STUDENT, MINNEAPOLIS COMMUNITY COLLEGE

Mr. REILLY. Senator Wellstone, let me start out by informing you what education has meant to me.

Two years ago I went to apply at the U of M. They told me to hit the bricks and keep walking. It was probably the umpteenth time that I had been told that I shouldn't go on to higher education.

When it came to Minneapolis Community College, however, they gave me one thing—they gave me a chance to succeed. After 2 years of working here as a student, I have become a student leader—I am the president of the student government—and I have been the recipient of the Hamline Presidential Scholarship Award, which will allow me to go on to higher education.

Without that, and without that opportunity to succeed, I would probably on the streets, probably looking to see where you parked your car today and checking to see what kind of stereo you have.

For a lot of students, however, it is impossible for them to succeed because the amount of funds they have is so little. I know what it's like, living for the last 2 years on rahmen noodles and rice and how difficult it is to try to maintain a high grade point average and try to stay motivated for school when you are worried about where your next meal is coming from.

A lot of the students here at MCC have gone through very similar experiences. They are struggling to stay fed, they are struggling to stay clothed, and they are struggling to stay in school. They overcome enormous obstacles just to try to become a productive part of a society that has continually shut a door on them.

I feel it is very important that you use your position in Washington to make sure that the Federal Government understands that what the people of this country need is education—they do not need $800 billion bombers; we don't need a $350 billion a year military complex, and we don't need to turn any more Third World countries into parking lots. [Applause.] What we need is an educated populace that is willing to take the future of this country into their hands. I have something to give you today. I have a petition with roughly 400 signatures and 60 letters that were written yesterday to give to you to bring back to Washington. Some of these letters are very simplistic and say little more than, "Give us more money." Others go considerably deeper, but they all have the same meaning. They are all written by people who want to be part of this society. They are people who want to contribute, and all they want is a chance to succeed. [Applause.]

Senator WELLSTONE. Michael, thank you very much.

Mr. BLODGETT. Michael Ellison?

[No response.]

Mr. BLODGETT. Sue Grove and Roberto Romo.

STATEMENT OF SUE GROVE; ACCOMPANIED BY ROBERTO ROMO, AUSTIN TECHNICAL COLLEGE

Ms. GROVE. Hi. I am Sue Grove, and with me is Roberto Romo. We are both from Austin Technical College, and we met you early last summer, shook your hand.

We are here to address the provision that became effective January 1st that affects an entirely different population. That is the ability to benefit requirement for financial aid. It reads that anyone without a high school diploma or G.E.D. must pass a rigid test in order to become a student in a postsecondary institution.

Our particular clients happen to be refugees, migrants, and new immigrants to the country, most of whom are limited English-proficient. They are not able to pass a test because of the language level. There is one who has now been admitted for Spanish, but then they upped the level of criteria needed to meet the ability to benefit.

Many of our past clients who would not have been able to pass this test did successfully complete vocational-technical programs and have gotten worthwhile jobs.

The other problem with the ability to benefit is that it currently includes the English as a Second Language programs, so that the irony is that you have to pass this difficult test in English before you can be admitted to an English as a Second Language program.

Senator WELLSTONE. Do you want to repeat that one more time? I think it bears repeating.

Ms. GROVE. Yes. In order to be admitted to a postsecondary English as a Second Language program and get financial aid, you have to pass a test in English. And I don't think half of our technical college staff could pass that test. [Laughter.] I'm sorry, take that from the record. I'm thinking of the TOFL that most of our staff couldn't pass.

The Higher Education Amendments of 1986 did permit Pell grants for ESL students. There were no student loans and no work-study, so they are not part of the default problem, which is another irony.

Many people will come back with the argument that ESL programs only belong with adult basic education. It is my feeling, my bias, that Minnesota's situation with refugee dependence on welfare shows this is incorrect.

ABE programs typically can only offer four to six hours per week of English; postsecondary, we're offering 20 to 30 hours per week of very intensive ESL which is very, very job-oriented. Many do go on to technical training, but many just get the English skills needed to perform skills that they had in their own countries and are successfully employed.

I have been working with limited-English-proficient students for 15 years, and any of those that I have seen who are properly trained and who have the English skills necessary, go out into the work force and they stay out in the work force. They are not forced like many of the Mung families into entry-level employment at $4.35 an hour, with eight and ten kids in their family. There is no way—they are going to be right back on the public assistance rolls and they are going to stay there because they have no other choice.

Another irony of the ability to benefit, from the wisdom of our Federal Government, is that Carl Perkins dollars mandate that services are provided over and above regular services to LEP students. The ability to benefit provision is prohibiting many of them from even entering our institutions.

So we'd ask that you do what you can, please.

Senator WELLSTONE. Roberto, did you want to add anything?

Mr. ROMO. No. She has testified for both of us.

Senator WELLSTONE. I would really like to thank the two of you for coming all the way up from Austin today. I did want to tell you that either Roberto or David had alerted me to this requirement—I

had talked with you about it, Roberto—and really, the best way for me to do well for people as a Senator is to just get this information from you. I did not have that information before. I think that test is a terrible idea, I really do. And you have pointed out the ultimate irony, that you have to pass the test in English in order to take part in the English as a Second Language program. That is just an unbelievable irony.

Above and beyond that, I really get quite nervous in general about these standardized tests and the extent to which we ought to use them.

Thank you very much for coming up. [Applause.]

Mr. BLODGETT. Steve Montout.

[No response.]

Mr. BLODGETT. Mary Winston.

[No response.]

Mr. BLODGETT. Willie Nesbit.

[No response.]

Senator WELLSTONE. We have really kept people—Jeff, we had said we would go an hour, and some people may have left thinking they wouldn't have an opportunity. We'll try and get another 20 minutes or so in.

Mr. BLODGETT. Kari Sachs.

[No response.]

Mr. BLODGETT. D.H. Hart.

STATEMENT OF DENNIS H. HART, STUDENT, MINNEAPOLIS COMMUNITY COLLEGE

Mr. HART. Senator Wellstone, my name is Dennis Hart. I'm a student here at MCC, but I speak to you now as but one more rhetorical echo, albeit muted, of the disenfranchised silent majority.

The American dream of a better life through higher education has become a nightmare of indenturement. I personally do not want to become a serf to this feudal economic structure that demands my life's energy and toil to pay back the interest alone on a debt—interest I lose before I even enter these fabled, hallowed halls of labyrinth to debt.

How long shall we push tomorrow's poets, philosophers and other free thinkers into the homeless ranks, burgeoning with today's shrinking blue collars and agricultural tenants?

We cannot continue to be puppetted by this current administrational tide of sacrificing our intellectual might for the illusioned might of an overcosted military.

We cannot continue to silently propagate and support the subliminal class war by sacrificing our educational futures for the nihilistic now.

Racism, sexism, and the rest of the other deadly "isms" are fostered by ignorance that educational sacrifice breeds. These are the tools of wealth, to divide and conquer the masses, perpetuating their powerlessness. Denying education is a strategy. Unfortunately, it is an effective one. So, my friends, is the ballot as well.

If we cannot find the support from our grassroots candidates alone, then we must till the soils we labor and harvest one from the very seed of our discontent—one who will take our message to

the lofted plateaus of Washington, where trickle-down pools and stagnates, producing the lecherous mosquitoes swooping down for our votes one more time; who swoop down for our blood, draining the educational budget to bolster the military machine.

Let us re-course our national destiny. Please, Senator Wellstone, let us convince these electoral profligates that we must pay now or certainly, we shall pay later. [Applause.]

Senator WELLSTONE. Thank you.

Mr. BLODGETT. Patricia Casey.

[No response.]

Mr. BLODGETT. Olshansky Dimitry.

STATEMENT OF OLSHANSKY DIMITRY, STUDENT, ENGLISH AS A SECOND LANGUAGE PROGRAM

Mr. DIMITRY. I am a student in English as a Second Language. English is not my native language. I am using this opportunity to speak with you.

Senator, President Bush has said that United States relations with the Soviet Union are improving.

My parents are still in Russia. For more than 1 year, their names have been in the United States Immigration Service computer, and they still cannot leave Russia.

What are you doing to help families who are separated by the political system to be reunited? I would like you to help me with this problem because I don't understand why my parents cannot come when everything is supposedly better than before.

Thank you.

Senator WELLSTONE. Thank you. Before we leave, you should talk with me a little bit more, or touch base with Mark, because we are more than willing to try to help.

Mr. DIMITRY. Because I am alone here in this country, and it is very difficult for me to study; I spend a lot of time on this problem.

Senator WELLSTONE. Your English is very, very good.

Mr. DIMITRY. Thank you.

Senator WELLSTONE. My father was from the Soviet Union, and I am first-generation American.

Thank you very much.

Mr. DIMITRY. Thank you. [Applause.]

Mr. BLODGETT. Steve Steinbrecker.

[No response.]

Mr. BLODGETT. Tom Sheehan.

[No response.]

Mr. BLODGETT. Judith Kleinendorst.

STATEMENT OF JUDITH KLEINENDORST, STUDENT, AUGSBURG COLLEGE

Ms. KLEINENDORST. Thank you for coming today. I'm sure all of you are very tired.

My name is Judith Kleinendorst, and I live at 3129 33rd Avenue South. I am currently a student at Augsburg College weekend. I did graduate from MCC here, and I applaud it very much.

I just want to tell you that you don't know how much education really means to me in my heart and how very important it should

be in not only the administration, in the government, but even in the families of America. I think education should be first and foremost in our thoughts and in our desires for our children and for everyone—the middle-aged and the older people as well.

In 1984 I had a counselor with DVR who was very, very good. He talked to me about my future. At that time I was working full-time, and he asked me, "Aren't you satisfied? I mean, you have a job." And I said I wasn't because I felt like I was being backed into a corner into something, and that I could do better. I was not feeling good about myself.

When I graduated from high school in 1965, it was a given that I would meet the man of my dreams, and I would get married and have a family. Needless to say, that didn't happen—not yet.

It wasn't even mentioned to me about getting a college degree. So I kind of floundered for 20 years, finding out what I wanted to do, and it just went from bad to worse.

It was through this counselor that I really got the courage to say I could do it. Yet just looking at the whole concept of the thing and the financial aid aspect, and where was I going to get the money and all that, I tell you, it really frightened me.

I needed a short-term goal. So I did choose MTC first just to have the short-term goal. If it weren't for a teacher there who was willing to put his hand on my shoulder when he saw me weeping at my first test—he gave me the encouragement. I looked at this test, and I looked at the young kids I was competing against. I mean, I graduated in 1965, and 20 years later I went to college—I was an old lady. I kept telling my friends that when I graduate, I'm going to be retired, so who was going to hire me. So I saw these young whippersnappers and I thought, my stars, how can I get anyplace with these kids. And he saw me starting to cry, and he came over to me and said, "Judith, go out, have a cup of coffee and take it easy. If it takes an hour, come back in an hour and take that test."

And I told myself, if I don't pass this test—and I gave myself all of these "ifs" just to say that I could back out of school, because it took my counselor 6 months to convince me that this was really what I was trying to say to him, that yes, I wanted to go to college. But other people were saying, "Just go and get another job." And I was feeling so negative about myself. So when I did come back, I aced the test. I said all right, I can do it.

He encouraged me to go on to MCC, and from MCC he also said go for that four-year degree, go for it. So it was like I was telling myself "I can do it." If anything, it is to tell myself that I can do it.

So through this education, it has really shown me that I can do things, that I am capable of doing something. Now I'm working with the student payroll, the college work-study here, and I see students come in, weeping. It may be their first quarter, and they want to walk out the door. They say, "How am I supposed to make it? I did better on welfare than I'm doing now. Financial aid says I can't get any money. How am I going to meet my payments for not only school, but my car payment, or my house payment, or to put food on the table for my children or even myself?"

So many times, I sit there and I talk with them, and they come back a year later and say, "You know, if it weren't for you, I'd have been out that door, and I wouldn't have had an education."

Now, how are we supposed to know that we don't have a President of the United States who is coming to college here at MCC in Minneapolis, MN? How do we know that we don't have Senators and representatives and other people who are creative, knowledgeable? To just say that you have to have a rich mommy and daddy to pay your way, I think is a bunch of baloney. Does the government assume that it is easier to put everyone on welfare and take care of them than to take the initiative and encourage and assist them in every way possible to get an education?

If anything, even if they don't get a decent-paying job, if anything, it gives them a better understanding and a better feeling for themselves.

I started out just saying, okay, I'll do a one-year stint. That moved on to a two-year stint, which needless to say, it took 4 years for me to graduate, and now I am at weekend college. And right now I am very financially strapped, but I am willing to go all the way, and I think we need to give everyone else this same help.

Thank you. [Applause.]

Senator WELLSTONE. Thank you, Judith. I think your point that a spark of learning when ignited can take anybody to a life of accomplishment, and the question is what are we doing when we pour cold water on that spark for all too many people. I think you said it very well. Thank you.

We can probably go another 10 minutes, and if we don't get to everybody, please remember that we can take written testimony up to May 10th, too.

Mr. BLODGETT. Kesele Serelse.

[No response.]

Mr. BLODGETT. Andrea Perkins.

Mr. ANDERSON. Andrea had to leave, but if I may, I'll take her time.

Senator WELLSTONE. Absolutely.

STATEMENT OF KEN ANDERSON, COON RAPIDS, MN

Mr. ANDERSON. My name is Ken Anderson, and I live in Coon Rapids.

Andrea's question was about child care. She is a single parent, and she has a lot of problems with child care and funding for school, and she is struggling real hard to go on.

My particular issue is displaced workers. We meet last year when you came and talked to members of the UE about plant closing when they were going to move.

Senator WELLSTONE. Yes, out in Bloomington.

Mr. ANDERSON. Yes, that's right. At that time, they talked to us about benefits for displaced workers to go to school. It is a year later now, and although I didn't lose my job until around the first of August, they are telling me that my benefits have run out. Pell is saying, well, you made a couple thousand more in 1990 than you made in 1989, so you've got nothing coming.

They aren't taking into consideration the obligations that we had when we became displaced workers. They aren't taking into consideration habilitating us to make the changes necessary to fill new slots in society.

And besides being a displaced worker, I'm an ex-offender, so I know how to make money—if I want to take the risk of going back to the penitentiary.

The prison system in this system has policies, and if you go to different Federal penitentiaries, you will find that those policies are administered by the warden of that institution, and most of that is horse hockey, because nothing is happening, and the money funnels off; it's a big business. They put you to work in prison industry, keep you busy, and go to the government for more money to run their institution when they're doing $2 million a month in gross product in Duluth. No education, just work, work, work; slave labor.

Then you get out here, and you go back to work, and the company goes south. I lost insurance. I had debts already, and they are telling me I have to go into more indebtedness to continue my education, to survive. And I have a family. Where is the habilitation in the system of this country to help people like myself and other people who are 40 years old to make that move with society? Where is the incentive for me not to regress, but to keep making progress?

Senator WELLSTONE. I have to respond because in a way, Ken, you have brought two issues before us. One we have heard a lot about today, and just everywhere you go you hear it, and I've heard it over and over again today, which has to do with the importance of child care. But the other thing that you talked about, which we didn't really hear that much about today, is the whole question of displaced workers and the ways in which you fall between the cracks. It is a real Catch-22.

Mr. ANDERSON. When we fall off the employment rolls, we go into oblivion, and nobody knows we exist anymore.

Senator WELLSTONE. Yes. We will work on initiatives—and I won't overpromise, but I just know what I want to stand for representing people—and we should stay in touch, because I think the displaced worker should be built into this.

I thank you very much, I really do. [Applause.]

It's 2 o'clock. Do we have one more?

Mr. BLODGETT. Several more.

Senator WELLSTONE. I know we have a list here, but is there somebody here who feels very strongly and just wants to come up and speak? OK. Three hands went up, and we'll do those very quickly. We'll try and keep each of these pretty brief.

Mr. BLODGETT. Lee Sweet.

STATEMENT OF LEE SWEET, STRIDE PROGRAM, RICHFIELD, MN

Ms. SWEET. My name is Lee Sweet, and I am an AFDC mom; I am in the Stride Program.

I want to tell you that every, single time I go to our Stride meetings, we are always hearing that this got cut, and we're always hearing about all these cuts that are happening, and they affect my education—and my education is not just bettering me, it is bettering my children. With these Stride cuts that are happening, it is making going to school tougher. For example, they are limiting transportation, our Pell grants, and so on.

I really feel that there has to be more stress on Stride because it is welfare moms who are trying to make a difference, who are trying to be better moms, and with a good-paying job we can be productive citizens.

The other point is that for welfare moms who do try and make a difference, we get penalized from AFDC for our achievements or our struggles to become employable, and that really bothers me—and I know that's not the issue today, but I just wanted to add that on about the Stride program.

Senator WELLSTONE. That's fine. If it is an important issue to you, it is an important issue. Thank you. [Applause.]

Mr. BLODGETT. Phillip Asaimoah.

STATEMENT OF PHILLIP ASAIMOAH, ST. PAUL, MN

Mr. ASAIMOAH. My name is Phillip Asaimoah, and I am very glad to be here to talk to you, Senator Wellstone.

I'd like to congratulate you for taking a strong stand during our involvement with Kuwait and Iraq, even though you seemed to be alone during that time. Perhaps if many people had followed your advice, some of the moneys that we used for this war could have been channelled into investing in our children's future.

I have heard about educational reform, testing, and so forth. It appears to me in our country, even if you go from St. Paul to Minneapolis, you find differences in the dispensing of knowledge in our educational system, and therefore some of these testing programs and so forth that people come up with I think are quite absurd. Therefore, I think you need to look at it more closely.

Sometimes we also make a mistake comparing our educational system to Japan, Europe, and so forth. What I see, myself, being a foreign student who is working very hard here, is that we tend to work more in this country rather than staying home and studying, compared to other countries. So we need more time to stay in school and study, and therefore we need more money to do that.

I appreciate the time, Senator. [Applause.]

Senator WELLSTONE. Thank you very much.

Mr. BLODGETT. Kris Haugen.

STATEMENT OF KRIS HAUGEN, STUDENT

Ms. HAUGEN. Good afternoon, Senator Wellstone.

My name is Kris Haugen, and I have been an AFDC mother. I am now on SSI, disabled, and I'm currently going to school here, but I don't have my children. I can't afford to have my children, so they are living with my mother while I go to school—that is, until I can get Section 8 housing.

I am just wondering if there is some way that you can improve child care. I am not in Stride or any of those other programs; I do not qualify. My children have court-ordered child care. That is where the courts will order, because the parent is out of the home, that the children be taken care of. So my mother was able to get the court-ordered child care because I was out of the home. I don't think it is fair to have to give up my children in order to get an education.

I was wondering if there was some way that you could work in that if you get the discount from Section 8 housing, so you don't have to use your moneys that you get from that because of the $200 difference, that they would take that into account under Pell grants. Right now I don't even qualify for Pell grant because I quote-unquote "get too much money" because I am out of the home.

So I was wondering if there is some way that you could work it on the Pell grant so that if you are on Social Security or disability, you do not have that held against you, and you don't have to go to DSR all the time and say, "I need more money, I need this and that, I need books, because I don't have the money." They say they are getting cuts all the time, and they can't do it.

I was just wondering if there is some way you could work child care into the Pell grants so that it is not held against you and you are not penalized, and the same for AFDC.

Senator WELLSTONE. There are two answers. One answer is that we definitely need to start looking at where child care fits into grants and loans and affordability of higher education. I think it all goes together for many students. So the answer is yes, there is some way. As to what kind of legislative program can be passed and funded at what level, that remains to be seen. But certainly you have given me an idea about a direction to proceed in.

Ms. HAUGEN. Yes, because I know other students who receive student loan money, and they use it for child care. They don't use it to pay for books or tuition; they use it for child care. And we're not talking about transportation, either; I don't even own a car. It is getting to the point where you've got to make a choice somewhere along the line. You have to include child care in the Pell grants, and it can't be discounted against you, and the same for AFDC, that if you are going to school, it can't be held against you either, because it is a Catch-22 situation. It's like you are trapped in a situation, and you are not supposed to be able to get out; you are supposed to stay right where you are, and if you do make a move to get out, you are going to be penalized.

Senator WELLSTONE. I hear you loud and clear. Thank you very much.

I'd like to thank everybody for being here. Our hearing is concluded. Thank you.

[Whereupon, at 2:00 p.m., the subcommittee was adjourned.]

42-925 O—91——18

INVESTING IN OUR FUTURE: STUDENT AID FOR HIGHER EDUCATION

MONDAY, MAY 6, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND THE HUMANITIES, OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES,
Duluth, MN.

The subcommittee met, pursuant to notice, at 9:25 a.m., in The Rafters, Kirby Student Center, University of Minnesota, Duluth, MN, Senator Paul D. Wellstone, presiding.

Present: Senator Wellstone.

OPENING STATEMENT OF SENATOR WELLSTONE

Senator WELLSTONE. Let's get started because there are some people who have quite a way to travel yet today.

Let me welcome everyone here to this hearing on Federal student aid for higher education. I want to make an announcement at the beginning. Cable Channel 7, Duluth, basically will be covering this hearing, and if you want to see it in its entirety, it will be shown Friday, May 10, at 6:30 p.m., and Thursday, May 16, at 7 p.m. And I thank Channel 7 for being here.

This is one of several official education subcommittee hearings sanctioned by the Senate Labor and Human Resources Committee being held in Washington, DC and around the country. For my own part—and I think Representative Jaros would whole-heartedly agree, since we have, I think, some very similar philosophies about public policy—I like to have hearings out in communities where people live as opposed to having people come to Washington, DC.

I am honored to be a member of the Subcommittee on Education, Arts and Humanities. I have been a teacher for all my adult life. It is a heart and soul issue. And when I came to Washington, DC, I asked to be on every committee that dealt with education, children and with families. These are heart and soul issues to me.

The higher education reauthorization I think is one of the most important issues facing the Senate and the House this session. Since I am at UMD today, I want to point out that during my campaign for the U.S. Senate seat, over and over again I would meet students, and those students would tell me stories about their lives, and some of those stories really moved me and have a lot to do with (a) our winning the race, and (b) this hearing today.

I have met students at the University of Minnesota-Duluth, as well as other students across the State, who tell me about their having to sell plasma at the beginning of the semester in order to

buy textbooks. This tells me that something is wrong, and that we really need to make some changes.

To meet professors at the University of Minnesota Duluth who tell me that sometimes it is risky to have classes scheduled too late into the afternoon because student enrollment will be down because students are working minimum wage jobs tells me that we need to make some changes.

The list goes on and one and on. I have heard stories on the airplane going back and forth from Washington, DC to Minnesota where it isn't just low-income or working students; I have had many parents, middle-income, tell me if you could do something, Senator, to make sure that there were some grant assistance available so that we aren't so squeezed, we really would appreciate it; if you would do that, as far as we are concerned, that would be one of the most important things you could do as a Senator.

I'll make a very long story short because this is really not meant to be my hearing. I take very seriously the expert testimony of the panelists—and we've got some great panelists today. We will also have open mike testimony, and for those of you who haven't signed up, please sign up, and we'll do it in order of people signing up But I do come here with a very strong commitment and a philosophy that there should be a strong Federal role to make sure that at least financial barriers to higher education are eliminated.

As a teacher, I have seen young men and women coming from all sorts of backgrounds, when that spark of education is ignited, I have seen how that can take a young person to a life of accomplishment and creativity. I think the cruelest thing we can do is to pour cold water on that spark. That there are students who have to give up on the dream of higher education, or there are students who have to take out so many loans that—not surprisingly—they default, is wrong; it is profoundly wrong.

We have shifted so much of the Federal aid from grants to loans. We have turned it 180 degrees around. And I think now some really major changes need to be made as we look at the higher education bill in the U.S. Senate and the House.

One final point. I won't talk much about the administration's plan, but I don't think it is a step forward to essentially restrict Pell Grants more or less to families with incomes under $10,000. It leaves too many other families out and too many other students out—some 400,000 students could essentially be eliminated from the Pell Grant program. I don't see a major commitment yet to higher education. And if there is one message I want to deliver in Washington, DC, it is that there won't be any real national security for our country until we invest in the health and skills and intellect and character of young people. I feel so strongly about that.

Let me again thank all of you for being here. I really look forward to this hearing. This will be part of the official record. What is said today I think is really vitally important in helping to shape this legislation. I would like to say to the panelists that I especially thank you for being here.

I'd like to start out with two very distinguished panelists. Larry Ianni is chancellor of the University of Minnesota-Duluth. I would like to thank the chancellor number one for letting us have this education subcommittee hearing here at University of Minnesota-

Duluth. It think it is an important place for us to hold it in terms of what we want to say and the people we want to listen to from Northern Minnesota.

I would also like to thank Mike Jaros. Mike, as I think many of you know, is probably if not the leading, one of the leading spokespersons in the State legislature for higher education. Mike has been there for some time. He is eloquent and a powerful voice. So when I thought of having one legislator, if I could only have one legislator at our hearings, I was hoping it would be Mike. And I know Mike has a busy schedule, and I would like to thank him for being here. I really appreciate it, Mike.

Why don't we start out with the chancellor.

STATEMENTS OF LAWRENCE A. IANNI, CHANCELLOR, UNIVERSITY OF MINNESOTA-DULUTH; AND MIKE JAROS, MINNESOTA STATE LEGISLATURE

Mr. IANNI. Thank you very much, Senator Wellstone. We are missing a couple of panelists up here, but I know they are in the audience, so if you don't mind, while I'm making my opening remarks, I wish those panelists would find their way to these empty chairs up here.

Senator WELLSTONE. Yes, I can introduce them after you and Mike have concluded.

Mr. IANNI. Fine. I would like, Senator, to thank you for coming and bringing this hearing to us because I think it gives us the opportunity to address perhaps one of the most severe crises in the country today.

I think maybe the hardest crises to deal with are sometimes those that creep up on you, and I think that is what we have in American education is creeping crisis. It is no less severe because it is gradual.

I think you have touched on some of the principal points, and I would just like to underscore them. Yesterday I was at a fundraiser for medical scholarships where it was emphasized that one of the reasons that we need to find scholarship money for students in medical school—and as you know, we have a school here—is that the average physician graduates from medical school $50,000 in debt.

We have the same phenomenon at the undergraduate level. We find that students who graduate from UMD typically graduate several thousand dollars in debt.

I think it creates an interesting irony in American life where you take your most talented 18 year-olds, you put them through a 4-year educational process, and at age 22, where they stand compared to the youngsters who entered the work force at age 22 is more deeply in debt. So you take your most talented and put them behind the 8-ball. It doesn't seem to me to make any since.

While the loan program is a significant element, it in fact cannot in the future carry the burden of being the principal means of support, for one reason because the burden of that debt is growing increasingly large and that, coupled with the direct costs, is now placing higher education not only out of the reach of the low-income groups in the United States, but the middle-income, and

indeed the high-income groups as well are beginning to feel strain. Those who choose a private school education, for example, routinely face costs of $20,000 to $30,000 a year now at the prestigious institutions, and even high-income families are finding that a burden.

I think that we don't have to look far for the next step in this crisis. The current prospects are that University of Minnesota-Duluth faces a 25 percent tuition hike in the next 2-year period if the proposed legislative session materializes into fact. So we are faced with a situation where a great American tradition—and as you pointed out, not just a tradition, but something that is very importance to the maintenance and progress of this Nation—the development of our human resources talents, is very much in jeopardy, and we hope that you will hear today the kinds of comments that will underscore the urgency of that situation.

Thank you, Senator.

Senator WELLSTONE. Thank you very much.

Representative Jaros, welcome.

Mr. JAROS. Thank you, Senator Wellstone. You are continuing what you did before you got elected, and what is so great and what impressed me about you was that even before you were a politician, you were out there with the farmers, trying to help the farmers, trying to help the workers and the low-income people through your activity in COACT and many, many other organizations, environmental groups, and so on. I don't think I have seen anybody who has put in more time for free—you did it for free—teaching full-time and being at the Capitol, lobbying for our people. So I am really grateful for you to continue this because you have a 6-year term—you could be sitting there in Washington, nicely comfortable, for about 4 years, and then the last year or two, campaign—but you are starting right in the first year listening to people and doing what I think is right. And education is a big issue, and I am glad that you are emphasizing that in your first year. I am glad you are on the committee.

I have been involved since 1985, since I went back to the legislature—I was a politician for 8 years in the 1970's, quit in 1980 for 4 years, went back, and since 1985 I have been on the education and higher education committees.

I would like to outline some of the problems that we have in Minnesota. Back in 1985, because of Reagan's push mostly, it reached Minnesota, and we had a $1 billion tax cut, mostly income tax, progressive tax. And who got the highest cut were some of the wealthiest citizens of Minnesota. I opposed that because I predicted a crisis in education, in human services, and so on. I knew that we weren't going to be able to keep up with our good history in Minnesota of funding human services, education and so on.

In 1987 again, after the 1986 Tax Reform Act in Washington, we had a $760 million tax cut. I had problems with that, and I voted against that.

In 1988, 1989 and 1990, we had all kinds of property tax relief measures which again reduced our revenue in Minnesota, and of course, the recession that we have now, we are faced with over a $1 billion shortfall in Minnesota. Of course, that is impacting education, which is one of the largest parts of our State budget.

Also in Minnesota, people don't want to increase that progressive income tax to fund education. Ideally, my idea is that we should have free tuition like in many other countries, but that is not going to happen. People are not willing to fund that. So I introduced a bill since we have a crisis in Minnesota to increase tuition of the higher-income people so that we can subsidize the lower-income people. We cannot subsidize the rich people in Minnesota and their kids' higher education, unfortunately, because politicians are not willing to increase their income tax.

I think the Federal Government should pay more than 2 percent—in fact, less than 2 percent of the Federal budget goes to education. I think that is unfortunate, and I am sure that you will make sure that that is increased. We spend almost 20 percent on education in Minnesota; the Federal Government can do better than 2 percent—and it is not even 2 percent. So I hope that that is increased.

I think that higher education should be funded with Federal and State dollars such as social services, human services.

I would like to see the Federal Government—and I hope the State does that—emphasize technical and career education. As you know, 70 percent of jobs will require technical occupational skills, not academic.

I am a liberal arts graduate from the University of Minnesota-Minneapolis, and if I weren't a politician I would have a tough time finding a job. So we can only have so many people with liberal arts education—which I like; I am not a technical person, and I don't like engineering and science. That was never my field. I am a liberal arts person. My wife is finishing up her Ph.D., and she says she has got to go back to the vocational school to learn how to do something so she can get a job.

This is what we are facing in Minnesota and I'm sure in the United States. I am not against it, but we have to be realistic. I think that a liberal arts education is beautiful, it is great, but I am afraid we are going to have to send some of those people back to technical education to get jobs; otherwise we're going to have to import people from overseas, which we have to be very careful about.

Have I talked more than my 5 minutes?

Senator WELLSTONE. If you'd like to just work to a conclusion, that's fine. I don't want to cut you off.

Mr. JAROS. OK. Again, I appreciate your having these hearings, and I'm sure you will do well for us and for our crisis. As both you and Dr. Ianni have pointed out, we cannot continue having people in debt. We need more grants for low-income people because if we do not, we are going to make education only available to the high-income people, and that is going to be unfortunate. The low-income and minority people need help both from the Federal and State governments in order to stay in school.

We have a good institution here. The University of Minnesota-Duluth is nationally and internationally known. It has been rated high. It is doing an excellent job, and we need to continue that. We have the College of Saint Scholastic, which has had an influx of nontraditional students through their Encore Program, and that has been great. We have a technical college here. We have a Com-

munity College Center in Duluth which has about 1,000 students, and the Fond du Lac Center, which is about 3 or 4 years old.

Unfortunately, some of those schools are facing danger. We are faced with possible closing of the Duluth Community College Center because of lack of funding and some political problems also. I would hope that that would not happen because these centers are training people who cannot get into UMD and some other institutions. So we need to continue those, and without financial aid, without Federal and State financial aid, those people cannot stay in school.

Thank you, Senator.

Senator WELLSTONE. We have several people that I want to introduce, and I think I'll ask a couple of questions if it is okay with everybody to the chancellor and Representative Jaros, and then we will move on to another panel, and I will ask Ron Kraft and Daniel Pilon and Melvin Johnson to come up, since we have limited seating, if that is all right.

Let me ask a question or two of each of you. Chancellor, as an education leader, one of the arguments that is most often heard in Washington—and I certainly think it is the same in the State Capital, but let me restrict my question to Washington—is that we have a budget crunch, and there are lots of competing needs, and there just isn't enough money for education right now.

I just wonder how you respond to that as an educator and as chancellor of the University of Minnesota-Duluth.

Mr. IANNI. We feel an obligation to be responsive to that argument, and we are trying to do something about that here, locally, and I think it is characteristic of what is being done in educational institutions around the country. We understand that we have to get more bang for the buck. We understand that there are not unlimited resources. We understand that there are many items on the national agenda and that money is short.

Therefore I think there is an obligation on the universities to be sure that they us money well and that they use money efficiently.

We have gone through some painful activities here at UMD. We have eliminated programs. I am still getting mail about eliminating one or two programs at UMD. We understand we have to do that. We also know that we have to be sure that for those programs that continue, we get the maximum quality for the dollars spent.

So there is an obligation on our part. We shouldn't expect governmental entities to simply give us blank checks. However, I think that it is the proportionality of the way the public dollars is used. I think Senator Jaros has made an important point when he points out the proportion of the Federal dollar that goes into education. And I think there that we have a right to expect the Federal Government to reorder its priorities a bit and to do better for higher education.

Senator WELLSTONE. You mentioned that it is not atypical for a medical student to finish up $50,000 in debt.

Mr. IANNI. In the red, yes.

Senator WELLSTONE. And that would be on top of maybe what the undergraduate debt is?

Mr. IANNI. That's correct.

Senator WELLSTONE. I think UMD's medicai school is especially well-known for its emphasis on primary care and the whole delivery of health care in rural communities. It has been a model for the Nation.

Mr. IANNI. Rural medicine, yes, that's right. Sixty percent of UMD medical school graduates end up practicing in communities of 5,000 or less.

Senator WELLSTONE. Well, how does a student $50,000 in debt go out into a rural community and go into family practice and pay that debt off, or be able to make it?

Mr. IANNI. It obviously requires a longer period of time than it will for physicians who go into specialty practice in metropolitan areas.

Senator WELLSTONE. Has this become a major structural problem with your program, that as students face more and more debt, there is a real question as to whether they can go out and do it? Is there debt forgiveness built into this?

Mr. IANNI. Well, no, there isn't debt forgiveness built into that aspect of it. I think it has, as you point out, become a problem because what happens is that you have young doctors with dedication who do go into rural settings, but the question is how long are they going to stay there; how long will they continue in those settings when they find that their colleagues in the urban areas have such an income differential. So it is a problem.

Senator WELLSTONE. Last question. Do you think it would be helpful at the Federal level to work on a debt forgiveness plan—and we had some very good testimony about this at Minneapolis Community College. The director of financial services at Augsburg College was especially interested in a proposal, and we talked some about the history of some of our programs of debt forgiveness, a definition of public service—we could apply it to health care and other areas, too—and in exchange for that, there would be debt forgiveness. From your point of view, do you think it would be helpful to make that part of the Higher Education Act?

Mr. IANNI. I think that is a good concept. I think that for people who enter public school teaching, for example, as well as people who enter medicine, as well as people who enter a number of professions where income is circumscribed because of circumstances—certainly, people who go into public agency work don't have the income potential of many people in the private sector—and it seems to me that a debt forgiveness provision based on length of service would be a very helpful provision.

Senator WELLSTONE. One final question for you, Dr. Ianni. Could you give me some indication—and maybe other witnesses will—as to the number of hours—and I'm sure the students could probably tell me more about this—but at UMD, on average, how many hours is a student likely to be working now?

Mr. IANNI. I have to make a guess at that, and you will get concrete information about that. As a matter of fact I was at a Student Association dinner Saturday night when one of the student representative there talked about a full-time waiter's job at "Grandma's Saloon" and how that fits into his instructional schedule. It is not an atypical kind of circumstance that UMD students would be working 20 or 30 hours a week typically, and some of

course putting in a full work week of 40 hours, in addition to carrying a full or near-full course load.

By the way, one of the ways in which this does impact the situation is the University of Minnesota not only here but in the Twin Cities has been under some scrutiny for the fact that we do not have an incredibly good graduation rate in the traditional 4-year period. Five years has more typically become the time period for getting a degree. I do not think one can discount the extent to which having to work in combination with going to school goes into that, and I know that is a national pattern.

When I was at San Francisco State, a school with 25,000 students, our average student was 27 years of age, and a typical San Francisco State student works between 20 and 40 hours per week. I think that is part of a national pattern you will find in urban areas—and by the way, there, the average length of time for finishing a degree was 6½ years. I think you are going to find that as an evolving national pattern, that 4 years to get a degree is becoming the minority pattern in the United States because of the necessity of having to work while you go to school.

Senator WELLSTONE. Thank you.

I have a couple questions if I could, Mike. First, what do you see as being the vision of financial responsibility at the Federal and State levels in higher education?

Mr. JAROS. Well, I would hope it would be at least 50-50. Of course, it would be nice if it were 75-25 percent at least. That should be easy. Just eliminate some of those bombers. I'm sure you would if you could get 51 votes.

Senator WELLSTONE. Not likely.

The other question I wanted to ask you, which I'd be really interested in given the position you have occupied in the House on this, is if the current proposal stands as is to basically target the Pell Grant program to families with incomes under $10,000, and there are further, if you will, restrictions on eligibility for other families in the State of Minnesota, what impact do you see that having on higher education in Minnesota?

Mr. JAROS. Do you mean if you increased the Pell Grants?

Senator WELLSTONE. If you increased the Pell Grants for the lowest-income students, but you essentially restrict eligibility so that students coming from families with more than $10,000 are cut or become ineligible; what impact do you see that having on students in higher education in Minnesota?

Mr. JAROS. Well, $10,000 is not high enough. I think students from families with higher income need the assistance also. Ten thousand is not enough.

Mr. IANNI. May I add something there, Senator? I think one of the ways in which this crisis is having a really disastrous impact on American life is the way in which it is impacting the situation of what I'll call middle-income people, that is, people whose annual incomes are between $15,000 and $30,000, who have not uncommon situations where two youngsters are college age at one time. It really creates a very difficult situation for those people who cannot qualify for Federal aid to education and have two talented youngsters who are worthy of higher education, and the bills simply cannot be met.

I think more and more we are going to lose talent because of that set of circumstances.

Senator WELLSTONE. If I could just respond for a moment, Chancellor Ianni, I think that has become a central reality today, and I think we have lost sight of it, and I'm really hoping that in this reauthorization we push very hard on what is happening to middle-income—but not as pitting middle-income students versus lower-income students at all.

I'd like to thank both of you very much. I really appreciate your taking the time out, and I don't take your time for granted. It means a lot to me, and I really look forward to working with you.

Thank you very much. [Applause.]

Let me introduce Ron Kraft from Bemidji Technical College where he is director of financial aid, and he is also president-elect of the Minnesota Association of Financial Aid Administrators; Dr. Daniel Pilon, president, College of St. Scholastica; and Dr. Melvin Johnson, vice chancellor, Minnesota Technical College System.

If it is all right with the panelists, what I'd like to do is have testimony from each of the panelists and then ask questions, so that you can all sort of add to what one another has to say, as opposed to doing it individually.

We'll start with Mr. Kraft, and then go on to Dr. Pilon and Dr. Johnson. Thank you very much for being here. I really appreciate it.

Ron.

STATEMENTS OF RON KRAFT, MINNESOTA ASSOCIATION OF FINANCIAL AID ADMINISTRATORS; DANIEL PILON, PRESIDENT, COLLEGE OF ST. SCHOLASTICA; AND MELVIN E. JOHNSON, MINNESOTA TECHNICAL COLLEGE SYSTEM

Mr. KRAFT. Thank you. It is snowing outside, or it was.

Being from Bemidji, I'd like to invite you to come there for the next one of these because we don't have any snow; it is a much more temperate climate, so come on down.

What I'm really here to talk about is the Vikings and how they can improve their draft arrangement and get some players this year. That is important stuff. [Laughter.]

Being that I have a lot to say about financial aid in a very short time, what I am going to do is read my testimony. It is very tough to keep within the time parameters, and my father said always to do that. So I will read it to you, and if you have any questions afterward, fine.

Senator WELLSTONE. Absolutely.

Mr. KRAFT. Thank you for the opportunity to speak today regarding some of my thoughts and perceptions regarding the soon to be reauthorized Higher Education Act. It is my sincere opinion that many of the issues that concern students as part of that act are now being talked of and reacted to in very much of a punitive manner.

While the original Higher Education Act was initiated to assist our Nation's populations in attaining an education or skill, the current attitude seems to be one of ensuring that students do not abuse the system, and therefore this attitude, if evidenced in the

act, will severely restrict access to educational opportunity, particularly in the area of Minnesota that Bemidji Technical College serves

Bemidji Technical College, and for that matter Bemidji State University, are located in one of the more economically depressed areas of the State. The counties surrounding Bemidji have traditionally had some of the lowest per capita incomes in Minnesota. In addition, Bemidji is located in the midst of the Red Lake, White Earth and Leech Lake Indian Reservations, which have their own unique social and economic problems.

Faced with the mission of serving these populations is demanding enough without new rules and regulations which make it more difficult for these populations to access our institutions.

One of the more severe access barriers to educationally and economically disadvantaged persons is the application process for financial aid. When I started as a financial aid officer not so many years ago, the application for Federal, State and campus-based aid was four pages long. It is eight pages long now, and the print is smaller.

The amount of and types of information required have become mind-boggling. The financial aid office has also become a cure for all of our social ills. Some of the required document now includes proof of Selective Service registration and an anti-drug abuse certification. We are running out of little plastic cups pretty quickly.

In addition, many students and their parents are required to submit volumes of paper to prove that they did not misrepresent their financial situation. This verification process assumes guilt before innocence and has not, to my knowledge, returned a significant amount of money to the Federal Treasury.

Institutions must now also prove by testing that students have an ability to benefit to enroll, regardless of their age or background, if those students do not have a high school diploma. Who, by definition, has a greater need to benefit if not those persons who are stuck at the lowest educational level?

It is my opinion that during the last two administrations there has been a concerted effort to restrict access to education by implementing the above and other barriers. The Federal Government has made it clear that more and more of the responsibility for education lies with the States. Minnesota has in the past met that challenge, but now even Minnesota is making strange noises.

Currently the chancellor of the State university, who is leaving us shortly for the greener pastures of Rhode Island, has developed 20-20 hindsight and is sharing that hindsight with us even as he admits he was saying otherwise not so long ago. He is questioning the number of students served by our public institutions and advocates a reduction. There is also a proposal being discussed in our State legislature currently which would limit access to our public institutions by limiting appropriations to each system, prorated to a certain predetermined number of students.

The above leads to the simple question: How do the economically and socially disadvantaged peoples help themselves if we don't give them the chance? Do we continue to subsidize their existence with welfare programs, or do we try to educate them so that they can become contributing members of society?

Last, I would like to speak to one of the more debated issues in regard to reauthorization—the student loan programs and the default problems inherent in those programs.

The most frequently used program is the Stafford Loan program, and consequently it has received most of the political rhetoric. There is no denying that the Stafford Loan program and its default situation is a serious problem. However it is, in my opinion, if not a design problem, then certainly a predictable one.

The GSL program was initially implemented for middle-income families to use to send their children to college. However, because the Pell Grant dollars have not kept up with the rising cost of education, and because of a change in definition to a need-based program, the Stafford Loan program has become the financial aid program that determines access for the economically disadvantaged, the same population which is a high-risk population in the default scenario. We have done it to ourselves, and sadly, we knew we were doing it.

However, the saddest facet of the default situation is our perception of it. If we regard Federal dollars spent for education as just an expenditure, then there are dollars wasted by defaulted loans. If we regard financial aid moneys as an investment in the people of this Nation, we come out way ahead.

Instead of dwelling on the approximately—and this is subject to opinion, the percentage here—17 percent national default rate, let's talk about the 83 percent of our students who go to school, get loans, repay those loans, and become productive members of our Nation. In Minnesota, those successes are an even greater percentage.

The issue is one of priorities, plain and simple. When a smart bomb found its mark in Iraq, the default rate for that bomb was 100 percent. We got none of that money repaid; it was gone, along with lives and property. Desert Storm cost $1 billion a day, and we didn't blink an eye. We try to educate the poor and disadvantaged, and we don't always succeed. Suddenly a great hue and cry surrounds us. What are our priorities? Should we only try to educate those who we know will be successful? Do we exclude the rest from an opportunity to improve their lives?

It is my desire that when reauthorization is completed, it will deal with problems but will not restrict access, for by educating our Nation, those problems will be solved.

Thank you. [Applause.]

[The prepared statement of Mr. Kraft follows:]

PREPARED STATEMENT OF MR. KRAFT

Thank you for the opportunity to speak today regarding some of my thoughts and perceptions regarding the soon-to-be reauthorized Higher Education Act. It is my sincere opinion that many of the issues that concern students as part of that Act are now being talked of and reacted to in very much of a punitive manner. While the original Higher Education Act was initiated to assist our nation's populations in attaining an education or skill, the current attitude seems to be one of ensuring that students do not "abuse" the system and therefore, this attitude, if evidenced in the Act, will severely restrict access to educational opportunity, particularly in the area of Minnesota that Bemidji Technical College serves.

Bemidji Technical College and for that matter, Bemidji State University are located in one of the more economically depressed areas of the state. The counties sur-

rounding Bemidji have traditionally had some of the lowest per capita incomes in Minnesota. In addition, Bemidji is located in the midst of the Red Lake, White Earth, and Leech Lake Indian Reservations which have their own unique social and economic problems. Faced with the mission of serving these populations is demanding enough without new rules and regulations which make it more difficult for these populations to access our institutions.

One of the more severe access barriers to educationally and economically disadvantaged persons is the application process for financial aid. When I started as a financial aid officer not so many years ago the application for federal, state, and campus-based aid was four pages long. Now it is eight pages long, and the print is smaller. The amount of and types of information required has become mind boggling. The financial aid office has also become a cure for all our social ills. Required documentation now includes proof of selective service registration and an anti-drug abuse certification. In addition, many students and their parents are required to submit volumes of paper to prove that they did not "misrepresent" their financial situation. This verification process assumes guilt before innocence and has not, to my knowledge, returned a significant amount of money to the federal treasury. Institutions must now also prove, by testing, that students have an "ability to benefit" to enroll regardless of their age or background if those students do not have a high school diploma. Who, by definition, has a greater need to benefit if not those persons who are stuck at the lowest educational level?

It is my opinion that during the last two administrations, there has been a concerted effort to restrict access to education by implementing the above and other barriers. The federal government has made it clear that more and more of the responsibility for education lies with the states. Minnesota has, in the past, met that challenge but now even Minnesota is making strange noises. Currently, the Chancellor of the State University System, who is leaving us shortly for the greener pastures of Rhode Island, has developed 20-20 hindsight and is sharing that sight with us even as he admits he was saying otherwise just a few years ago. He is questioning the numbers of students served by our public systems and advocates a reduction. There is also a proposal being discussed in our state legislature currently which would limit access to our public institutions by limiting appropriations to each system pro-rated to a certain pre-determined number of students. The above leads me to ask the simple question. "How do the economically and socially disadvantaged peoples help themselves if we don't give them the chance?" Do we continue to subsidize their existence with welfare programs or do we try to educate them so they can be contributing members of society.

Last, I would like to speak to one of the more debated issues in regard to Reauthorization—the Student Loan Programs and the default problem inherent in those programs. The most frequently used loan program is the Stafford Loan Program and consequently, it has received most of the political rhetoric. There is no denying that the Stafford Loan default situation is a serious problem. However, it is, in my opinion, if not a designed problem then certainly a predictable one. The G.S.L. program was initially implemented for middle income families to use to send their children to college. However, because the Pell Grant dollars have not kept up with the rising cost of education and, because of a change in definition, the Stafford Loan Program has become the financial aid program that determines access for the economically disadvantaged; the same population which is the high risk population in the default scenario. We have done it to ourselves and, sadly, we knew we were doing it.

However, the saddest facet of the default situation is our perception of it. If we regard federal dollars spent for education as just an expenditure, then there are dollars wasted by defaulted loans. If you regard financial aid monies as an investment in the people of the nation, we come out way ahead. Instead of dwelling on the approximately 17 percent national defaut rate, let's talk about the 83 percent of our students that go to school, get loans, repay those loans, and become productive members of our nation. In Minnesota those successes are at an even greater percentage. The issue is one of priorities. When a "smart" bomb found its mark in Iraq, the default rate for that bomb was 100 percent. We got none of that money repaid; it was gone, along with lives and property. Desert Storm cost one billion dollars a day. We didn't blink an eye. We try to educate the poor and disadvantaged and we don't always succeed. Suddenly, a great hue and cry surrounds us. What are our priorities? Should we only try to educate those who we know will be successful? Do we exclude the rest from an opportunity to improve their lives? It is my desire that when Reauthorization is completed, it will deal with problems but will not restrict access, for by educating our nation, those problems will be eliminated.

Senator WELLSTONE. That was very powerful testimony, very powerful. You know, when you have been a teacher for years, you can read faces, and I was looking out at the students, and there were several things that you said that really resonated.

I do want to mention to the students and people from the community that I really appreciate that you are here. We've got some very good panelists, and I really think it is important to have this as part of the official record, but we are going to have open mike, and that is a part of the record, too. I'm very interested in hearing from you and very, very pleased that you are here.

Let's move on and hear from Dr. Pilon.

Mr. PILON. Thank you, Senator Wellstone.

It's a pleasure to be here today.

I am president of the College of St. Scholastica, which as you may know, is the northland's only private liberal arts institution.

For 5 years prior to that, I worked in Washington, DC on behalf of a group of small private colleges, and during that time I twice saw the reauthorization process up close, so I have some sympathy for what you are about to go through.

Before going to Washington, I served in a variety of capacities at another small private college in Michigan, and most important to this hearing is the fact that I was once a financial aid officer, so as you can see, former financial aid officers don't always die—worse things can happen to them.

I want to thank you also for coming here to Duluth to hear from us. I think that it is important that you hear it from us in the trenches rather than just from the glib ones who represent us in Washington—mostly they have a good sense of going on, but too often they don't get outside the beltway, and that's too bad.

I mentioned earlier that I was once a financial aid person. As a matter of fact that was my first job in higher education, and it was in 1968, just 3 years after the original legislation was authorized. That was an exciting time. I was the first person at that particular institution for whom financial aid was the primary responsibility. Up until that time, the dean of students had done it out of his hip pocket—perhaps in more ways than one.

I tell you this because I think it is important that you and your colleagues return to the beginnings and to the hopes of those who created this legislation. They foresaw programs which would make it possible for Americans, whatever their means, to attend institutions of higher education and ultimately to contribute to the betterment of our country and our world. In those days, need analysis was imperfect, but people worked hard to make both access and choice possible for those who could benefit from college. In those days, the appropriations were not as large as people hoped, but folks like Carl Perkins, Edith Green, and Claiborne Pell really had a vision; they looked to the day when the dollars would be there so that people, regardless of their ability to pay, could go to college.

Some things have changed since then. There are more programs. Some of the programs have emerged from the alphabet soup and how have great names like Pell Grants and Stafford and Perkins loans. There are also more students and different students. There are older students; in fact, there are lots of those.

At St. Scholastica, 40 percent of our students are older than average, and some reports indicate that 50 percent or more will be beyond traditional college age by the turn of the century.

Some things have stayed the same. There still aren't enough dollars, and need analysis is still imperfect. Without a doubt, the efforts begun in 1965 and even before in the National Defense Education Act of 1958 have helped many students attain levels of education that would have otherwise been impossible.

But the fact is that until funding improves, the current need analysis system will remain a cruel rationing system. Sadly, the dreams of the creators of these programs and, more importantly, the dreams of those for whom they were enacted, will continue in many ways unfulfilled.

While present aid programs help the poorest, and I think that is a wonderful thing, middle-class families of our Nation are finding higher education increasingly difficult to purchase. The possibility of selecting the most appropriate college, whether it is public or private, for a given student is in doubt now. Many, it not most, students are leaving college with substantial debt, and older students face an aid system which does not take into account their unique situations.

As a result, colleges like St. Scholastica are looking at a future where they may serve the very poor and the very well-to-do, but where the middle class will be conspicuously absent. Even a modest amount of assistance could make the difference for middle-income folks. And while states like Minnesota have tried to help, they too have limited resources as you hear from Senator Jaros earlier. This leaves it up to the colleges themselves to provide aid from their own resources. For St. Scholastica, this means more than $2 million next year—every nickel that we can raise from private sources, plus the value of the services the Benedictine Sisters contribute to our enterprise, goes to student aid.

The college is in the curious situation, I think, of having to play a substantial role in making good on the expectations created by the United States Congress and the legislature of the State of Minnesota, and somehow that does not seem right to me.

As the reauthorization process gets underway, I encourage you to emphasize the Title IV financial aid programs. I urge you to realize that the answer is not more loans. I urge you to remember that older students find themselves in different circumstances than do their younger counterparts, and that needs evaluation should be adjusted to accommodate them.

Most of all, I urge you to keep these programs tuition-sensitive. With regard to this last point, the cost of providing higher education is high whether it is paid for by the taxpayers in public colleges or by students and their families at St. Scholastica. In the long run, private higher education saves the taxpayers a great deal of money. We will be able to continue to do this only if there is some help for those who cannot do it all on their own.

Reauthorization has never been more important. An increased Pell Grant maximum would help a lot, and improved needs assessment would also help. Greater sensitivity to the nontraditional student is especially critical.

But the real issue is on the appropriations side, and until we put our national priorities in order and fund these investments in our future in a reasonable way, the whole system will continue to help only the poorest, while leaving those who also need help in the middle classes to fend for themselves.

I wish you and your colleagues well. We will be watching and hopefully cheering for you as you go about your work.

[The prepared statement of Mr. Pilon follows:]

Prepared Statement of Mr. Pilon

Thank you for the opportunity to appear here today. My name is Daniel Pilon and I have been the president of the College of St. Scholastica, the Northland's only private liberal arts college, for nearly 10 years. For 5 years prior to that I worked in Washington, DC on behalf of a group of small private colleges. During that time I saw the reauthorization process up close. And before going to Washington I served in a variety of capacities at another small private college in Michigan. Most important to this hearing is the fact that I was once a financial aid officer. So as you can see, former financial aid officers don't always die . . . worse things can happen to them.

Thank you for coming here to Duluth to hear what those of us in the trenches think rather than relying on the glib ones who try to represent us in Washington. Often they do well but too often they lack a real sense of what's happening because only rarely do they venture beyond the infamous Beltway.

I mentioned earlier that I was once a financial aid person. As a matter of fact that was my first job in higher education. I began in 1968 just 3 years after the Higher Education Act of 1965 which you are about to amend and reauthorize. It was an exciting time. I was the first person at that particular institution for whom financial aid was a primary responsibility. Up to that point, financial aid had been the province of the dean of men who did it out of his hip pocket.

I tell you this because it is important that you and your colleagues return to the beginnings and to the hopes of those who created this legislation. They foresaw programs which would make it possible for Americans, whatever their means, to attend institutions of higher education and ultimately contribute to the betterment of our country and our world. In those days, need analysis was imperfect but people worked hard to make both access and choice possible for those who could benefit from college. In those days the appropriations were not as large as people hoped, but folks like Carl Perkins and Edith Green and Claiborne Pell really had a vision. They looked to the day when the dollars would be there so people, regardless of their ability to pay, could go to college.

Some things have changed since then. There are more programs. Some of the programs have emerged from the alphabet soup and have great names like Pell Grants and Stafford and Perkins Loans. There are also more students and different students. There are older students; in fact there are lots of them. At St. Scholastica 40 percent of our students are "older than average." Some reports indicate that 50 percent or more will be beyond traditional college age by the turn of the century.

But some things have stayed the same. There still aren't enough dollars and need analysis is still imperfect.

Without a doubt, the efforts begun in 1965 (and even before, in the National Defense Education Act of 1958) have helped many, many students attain levels of education that would otherwise have been Impossible. But the fact is that until funding improves, the current need analysis system will remain a cruel rationing system. Sadly the dreams of the creators of these programs and, more importantly, the dreams of those for whom they were enacted, will continue in many ways unfulfilled.

While present aid programs help the poorest (and that is great!), middle class families of our nation are finding higher education increasingly difficult to purchase. The possibility of selecting the most appropriate college (public or private) for a given student is in doubt. Many, if not most, students are leaving college with substantial debt. And older students face an aid system which does not take into account their unique situations.

As a result, colleges like St. Scholastica are looking at a future where they may serve the very poor and the very well to do but where the middle class will be conspicuously absent. Even a modest amount of assistance could make the difference for middle income folks. And while states like Minnesota have tried to help they too

have limited resources. This leaves it up to the colleges themselves to provide aid from their own resources. For St. Scholastica this means more than $2 million next year . . . every nickel we can raise from private sources plus all of the value of the services the Benedictine Sisters contribute to our enterprise . . . goes to student aid. The College is in the curious situation of having to play a substantial role in making good on the expectations created by the United States Congress and the legislature of the State of Minnesota. Somehow that doesn't seem right.

As the reauthorization process gets underway, I encourage you to emphasize the Title IV financial aid programs. I urge you to realize that the answer is not more loans. I urge you to remember that older students find themselves in different circumstances than do their younger counterparts and that needs evaluation should be adjusted to accommodate them. And most of all I urge you to keep these programs tuition sensitive. With regard to this last point, the cost of providing a college education is high whether it is paid for by the taxpayers in public colleges or by students and their families at St. Scholastica. In the long run, private higher education saves the taxpayers a great deal of money. We will be able to continue to do this only if there is some help for those who can't do it all on their own.

Reauthorization has never been more important. An increased Pell grant maximum would help a lot; an improved needs assessment would also help; greater sensitivity to the non traditional student is especially critical. But the real issue is on the appropriation side and until we put our national priorities in order and fund these investments in our future in a reasonable way, the whole system will continue to help only the poorest while leaving those who also need help in the middle classes to fend for themselves.

I wish you and your colleagues well. We'll be watching and hopefully cheering as you go about your work.

THE COLLEGE OF SAINT SCHOLASTICA, OFFICE OF THE PRESIDENT,
Duluth, MN, May 7, 1991.

Senator PAUL D. WELLSTONE,
U.S. Senate, Washington, DC.

DEAR SENATOR WELLSTONE: Thanks for the opportunity to appear at your hearing yesterday regarding reauthorization of the Higher Education Act of 1965. It is my understanding that the record will remain open for some period of time. If that is the case, I hope these comments could be added. If not, I share them with you anyway because I think they are important.

During yesterday's hearing there was some discussion of the Ability to Benefit rule. As you may know, rules like this find their way into being because of abuses. Unfortunately, the abuses were not restricted to unscrupulous for-profit institutions. There have been examples of both public and private institutions which have failed. These are institutions accredited by regional associations, and in the worst cases they have been motivated by greed and in the best cases they have been motivated by a false sense of egalitarianism.

In the case of greed, there is no excuse. Institutions which use students to secure their own financial viability are unethical and should be driven from our midst. But there is another concern, and that is with institutions which really contribute to a continuing failure syndrome for many students. The fact of the matter is that there are some students who simply do not have the ability to succeed. By encouraging them to try and try again, we simply add to the feeling of failure which grows and increases the frustration of these people. It also raises a question about the best uses of scarce resources. If we don't have enough resources to adequately serve those who do have the ability to succeed, it would seem immoral to invest heavily in those who simply can't. A reasonable testing system with some guarantee of integrity would seem to be an important element in all of this. Perhaps the current regulations have gone too far, but I believe that the ability to benefit ought to be measured in some reasonable way.

The second matter which I would put before you has to do with completion rates. Yesterday Chancellor Ianni and others talked about how the role of work among students is slowing the time that it takes a person to earn a college degree. This in turn was equated with rising tuition. This logic, I believe, is questionable. If that were true, then students at private colleges (who, by and large, are no better off economically—and some studies indicate worse off economically—than their public counterparts) should have a far worse completion rate. The fact of the matter is that in Minnesota by the end of 5 years, some two-thirds of private college undergraduates have completed their education while only 30 percent of those in the

public sector have. This occurs in spite of the fact that private college students pay more and also carry extensive loads of work and loans. I think that we need to look elsewhere for the answer on the completion rate question. Some might even argue that low tuition and heavy state subsidy encourage students to dawdle and to extend their time within the educational system.

Obviously, both of these are arguable contentions. I offer them to you, however, as important thoughts to be included in the mix as these two issues continue to be debated both in the state and on a national level.

Thanks again for the opportunity to visit with you yesterday. I wish you well as you go about the difficult job of reauthorization. I look forward to supporting the results.

Sincerely yours,

DANIEL H. PILON
President

Senator WELLSTONE. I thank you for your testimony, Dr. Pilon. There are a number of points that you focused on that I want to pick up on that I think are really important. And again, it sounds like I'm just being "Mr. Politician" up here, but I don't mean this as insincere flattery. I am really pleased we came up here. I believe that what is being said is important, and I want you to know as panelists and everyone to know that I do not view this as symbolic politics. I am so determined to the very best of my ability to take the testimony and translate into concrete initiatives, as well as some thing on the financial end that will be so tough and so difficult, as I think you know from your introductory remarks, Dr. Pilon, but it is just the direction that I feel so strongly we have to go in in this country. So this is very helpful to me, and I really appreciate it.

Dr. Johnson.

Mr. JOHNSON. Thank you, Senator Wellstone.

On behalf of the State Board of Technical Colleges and Chancellor Carol Johnson, I certainly want to thank you for this opportunity. I also want to assure you that Representative Jaros' remarks were not a paid commercial for technical education this morning, but we are appreciative of them.

I'd also like to thank the staff that you have had helping us with this organization; I know this has been difficult to keep organized, and they have been most helpful.

The Minnesota technical colleges consist of 34 campuses and are one of four—at least we were still one of four this morning, as the legislature meetings—public systems. We serve over 32,000 diploma or degree students pursuing our mission, which is education for employment.

As a system, we also provide education to over half a million employed persons annually as they retrain and upgrade their skills. At the present time we have over 20,000 students in the technical colleges who are receiving direct aid under Title IV of the Higher Education Act.

I'd like to focus my remarks this morning on the changing student and the changing needs of students in the technical college system. What we have referred to in the past as the nontraditional student has virtually become the traditional student. This very different student has put different demands on the educational services of our colleges.

The most visible and easiest to note is the average age—and this has been mentioned many times. Our average age in the system is over 27. Here at the Duluth Technical College, it is over 29.

Serving a significantly older population means that most of the other demographics of the students has also changed significantly. No longer do we see a student coming right out of high school; this is less than one in five at the present time.

So if not from high school, where do the students come from? They come from under-employment or dead-end jobs providing insufficient wages to maintain a reasonable standard of living. They come from unemployment, as jobs are lost to technology, plant closings, and an ever changing economy. They come from homes that need a second income, or dissolved marriages where the single parent needs to enter or re-enter the labor market. They come from other lands and other cultures, without language or social skills that even allow them to make application for a job.

This type of student presently makes up about 80 percent of our entering student body. Obviously, they also come with severe financial needs as they pursue an education for employment.

Because of the limitation of time this morning, I will not spend much time on the specifics of the higher education bill as the Higher Education Coordinating Board I think is putting together an excellent position and very specific ways in regard to increasing the amount of Pell Grant, changing the ratio, simplification, which has been mentioned many times.

What I'd like to do is address three things that I think are very specific to our system. The first is the ability to benefit. Recent legislation—and Ron mentioned this—in regard to ability to benefit has had a tremendous impact on vocational technical college students. Many of our students arrive without a high school diploma or a GED. We get between 400 and 500 each year. Yet they not only have considerable potential; they are the population with the greatest need for education and the greatest potential for economic payback.

To deny them, or to even provide barriers to their being part of the student assistance program is poor national policy and in direct violation of Minnesota history of open door admissions to technical college education.

We appreciate Congress' need to address the misuse of financial aid, but would suggest that it be done focusing on institutions that have high default rates and not through broad-brush legislation that includes legitimate accredited postsecondary institutions that are responsibly managing their student loan programs.

It appears that many of the actions in regard to reducing high loan default rates are actually methods to reduce the amount and the number of students in the program.

The second concern I'd like to address is regulations proposed by the U.S. Department of Education requiring clock-hour attendance for students in diploma programs. Almost 90 percent of our students are in diploma programs. This effort to address the loan default through a process has become discriminatory to those in the diploma programs. The regulations would require over half of our students to increase the number of credits that they take in school, at about four to five credits. This would increase their educational

and their financial burden. It would result in many of them simply being forced to drop out of school.

My third and last concern is for the growing number of students in our system with children. I think this is almost 50 percent at this point. Twenty-seven of our 34 campuses have child care facilities. However, the greatest problem is providing sufficient financial assistance to pay for the delivery of child care, which is particularly difficult for single parents.

I'd like to quote an excerpt from our chancellor's remarks to the Minnesota House Education Committee on Appropriations as they considered special funding for child care:

> "When we deny child care assistance to higher education students, even a little help, we are simultaneously denying the substantial correlation or predictor of a child's dropping out of school to the education level of the mother. When we deny child care assistance, we ignore the relationship between what we do for parents and what happens to children; between limited education and poverty, and between poverty and dependency and the will to achieve self-sufficiency. Further, when we deny child care assistance to low-income but motivated people who are seeking a way out of poverty through education for employment, we deny the new workplace realities where education beyond high school is a prerequisite for more and more entry-level jobs, especially in technical fields."

Minnesota has been a leader in the Nation for providing child care assistance, but we believe this has become a national problem and needs national attention. I was pleased to hear that Representative Penny is preparing legislation in this regard, and we would urge you to consider the same in the Senate. We wish you well in that endeavor, and we thank you again for this opportunity.

Senator WELLSTONE. Thank you very much.

Over and over again—and I imagine we'll hear more about this today—there are a number of messages, but one message certainly is that your typical student is no longer necessarily 20 years old, living in a dorm; students are older, single-parent, two-parent, with children, and the whole question of child care has come up over and over and over again and how it relates to higher education and the Federal role. I appreciate your focusing on that. I have just heard it everywhere, and that message is loud and clear.

Let me ask some questions of each of you. Just real quickly on ability to benefit, because both Dr. Johnson and Mr. Kraft talked about it, it sounds like both of you have a pretty strong critique of it. You are opposed to it. I wonder whether you could just kind of spell that out for me more clearly.

First, does everybody know what ability to benefit is about? Maybe if you could spell that out real quickly for people here, too.

Mr. KRAFT. That might be difficult, too. Ability to benefit is regulations that require students who do not have a high school diploma or GED to prove somehow—and that is ambiguous—to prove somehow that they have the ability to benefit from an education at a postsecondary institution. So you test them or you take blood samples or you do whatever you can do to prove that they have this ability to benefit.

Senator WELLSTONE. Wait a minute. Blood samples? Gee, I missed that in the legislation. I'm glad you brought that to my attention.

Mr. KRAFT. I think that is pending. But it basically says you have to prove somehow before you can get into a school that you have the ability to benefit. Most schools—well, they were doing it several different ways. Now they restrict it to testing. You have to test. You have to establish levels that you have to pass, and if you don't, you not only don't get financial aid—you don't get into the institution.

Senator WELLSTONE. And it sounded to me like you were not at all in favor of this, and I want you to spell out why, what your critique of it is.

Mr. KRAFT. I think Dr. Johnson is saying, if I may, that basically we can get rid of those regulations because those people have the greatest need, and that's the same thing I said. I don't know that you have to get rid of those regulations but they are becoming so restrictive that it is once again restricting access; we are going to pick certain types of people that we want in our institution, that we want to spend public moneys on, and we're going to spend it on those people, and to hell with the rest of them.

Mr. JOHNSON. The past legislation allowed a financial aid administrator to make the decision to use in-house testing. The new legislation that was passed last session required that a third party evaluation be made, and a list of tests were issued, plus there was the cost factor. The applicant had to pay for this. Many of the students are not low-income; they are no-income. They don't have any money. As a result, it became a very substantial barrier to those individuals who do not have high school or GED. And as a system that takes many students who are immigrants and have language barriers and other kinds of problems and baggage they bring, this has been a very detrimental threat to their getting into college at all.

Senator WELLSTONE. I heard a lot about that, especially about some of the special difficulties it imposes on Southeast Asians, Hispanics, and others. Then there is also the requirement of a cost to take the test. And then the testing itself—there is also a question of what it measures and doesn't measure——

Mr. JOHNSON. Yes, particularly with the cultural situation and the testing.

Senator WELLSTONE. Ron, I think there was a part of your testimony where it sounded to me like what you were saying—and if I'm putting words in your mouth, please let me know—but you were saying that you thought that in a sense the focus on default had been a bit of blaming the victim, that there was the focus on percentage of default but not on those students who have been paying back their loans.

What do you think is the major cause of the defaults, and by way of public policy—we use the word "priorities"—if you were to recommend what you think would be the priority policy to deal with that, how do you think we should deal with it?

Mr. KRAFT. Well, all the minds in Washington haven't come up with the answer yet, so I don't know that my small one can. But Dr. Pilon talked about the Pell Grant situation, and I believe that is inherent in this problem. Pell Grant is not keeping up with the rising cost of education and the rising cost of living. I think there should be a dramatic increase in the Pell Grants. There has been

talk about the first 2 years of college, that you get lots of Pell Grant and no loans, and then after that, you get loans. That will be great for our 2-year institutions and possibly good for the 4-year institutions, but I think the Pell Grant authorization, if it increased dramatically, would address that situation because the high-risk students would then probably not take student loans. They are not fund to take; nobody wants to take them. Not everybody goes to Florida with their student loans. I don't know of anybody who goes to Florida with their student loans.

Senator WELLSTONE. Let me just mention one other thing to Ron, and then I want to ask some questions of Dr. Pilon and Dr. Johnson.

You mentioned at the beginning, and I want you to know I didn't miss that point, about simplifying the application form. I was looking at some students nodding their heads when you said we could certainly make some strides toward simplification and that the print is getting, I think you said, finer and finer. I have heard that over and over again, and I do want you to know that I think that is going to happen.

Mr. KRAFT. I hope so.

Senator WELLSTONE. Dr. Pilon, there are some things that really interest me about where the private colleges fit into this, and as president of St. Scholastica, I think you can provide me with a really important perspective on this.

First of all, you talked about how you now are trying to constantly raise money—I think you mentioned $2 million or thereabouts—just to try and fund scholarships for students. And you said—not with bitterness, but I thought it was pretty well-stated—that you thought it was a dubious proposition that St. Scholastica should be trying to raise money to essentially fulfill what was the whole promise of the original legislation in our country to make sure that higher education would be available for students, and maybe the government ought to do that.

Has the make-up of the students changed dramatically with this crunch? I mean, are you seeing a real change in the kind of students who come to your school?

Mr. PILON. We haven't seen that yet, Senator. I think it looms as possibility. We are still the third least expensive of the private colleges in the State of Minnesota, and our tuition is just a little under $10,000. So with the State money and with some of the Federal financial aid money, plus loans, which virtually all of our students end up with, plus our own commitment to that—and some moms and dads, in the case of younger students, and spouses, and all kind of other people in the cases of older students—who are willing to make a sacrifice for something that they see to be of value, we are still getting by.

I was in the halls the other day, talking to a couple of students who said, you know, tuition went up again, and how are we going to do it this time. So I think it is somewhat ironic that when we have a modest tuition increase—this year it was about 7½ percent—that is a $650–$700 tuition increase for our students, and it is a really significant thing for them to have to deal with.

Senator WELLSTONE. Dr. Pilon, you see what is going to happen on present course, that at a school like St. Scholastica or St. Olaf,

or Carleton where I taught, with a much higher cost to say the least, that you see a student body which is going to be pretty much lower-income students who will be there by virtue of grant assistance—some loan, but mostly grant—and then students from the top who can pay their own way, and then a disappearing middle.

I'd like to go through with you, if you don't mind, how will this in turn affect the public education part? Where will those students go, and how will that affect the public part of higher education so that we can see what the common interest is here between private and public?

Mr. PILON. I think if we are concerned that higher education be designed to meet the needs of students, one group of students is not going to have a choice. They may have access, which will be to the public sector institutions, and as tuition goes up in the public sector this is going to be increasingly a problem as well—they'll only have access rather than choice, and I think that's what the issue becomes. The public institutions will be places where people will have to go if they want a higher education. And that is fine—the public institutions do a terrific job—but there are also instances where private institutions like the ones you mentioned and my own have something to contribute to the development of those people, and to say they can't go there simply because the financial system has not kept up with it is I think really rather sad.

Senator WELLSTONE. Will those students crowd out some of the students who are now applying to the UMD's? I mean, does that happen, also?

Mr. PILON. I don't know. I wouldn't want to speculate on that.

Senator WELLSTONE. OK. Let me ask a question of Dr. Johnson, and then I want to ask one question of all of you.

Your focus on the nontraditional students—and I sometimes think the nontraditional students are becoming the traditional students because things have changed so dramatically. I was really interested in what Dr. Pilon said about St. Scholastica. I didn't know that, really, the age of your students is quite a bit higher than I thought it would be on the average.

I guess I would ask this question of all of you, really. If you had to prioritize, and we were to focus on the nontraditional students and the two or three things that you think we should be doing by way of public policy that would be most helpful to those students in your institutions, what would they be? We have talked about child care. What else would you want me to be thinking about here?

Mr. JOHNSON. I think certainly child care is probably one of the major barriers at the moment. But simplification—I think we drive students away before they even get their paper work done. I think an easy, accessible, obtainable process of student assistance is probably the next highest priority.

Mr. PILON. I think also in that approach to things, the system of need analysis still needs to be redefined in a way that takes into account the situation of somebody who is 35 years old and has a couple or three kids, and they may have a mortgage payment and a whole bunch of other things that I don't think are adequately accounted for at this particular juncture.

I think there is still a tendency to treat the older student as though they were 22 years old and just married, and saying to them, "People like you ought to struggle for a higher education, and you ought to know what it's like to live in a garret and grovel and all that stuff." And if you happen to be 35 and have two kids and a mortgage and somebody who needs braces and all the rest of it, that doesn't necessarily apply. I think the system needs to learn how to take that into account.

Senator WELLSTONE. Yes, that's real helpful. I also heard the other day that there was real concern at Minneapolis Community College that students with fewer than six credits are not even eligible for, for example, any Pell assistance. Yet for many, the reality is that that is all they can do—so it becomes a Catch-22.

Dr. Johnson, I heard you on the clock-hour attendance. That strikes me as being really a Catch-22. If I understand it, the reason a lot of students can only put in "x" number of hours or take "x" number of credits is because they are working to be able to go to technical college, and then if you argue that they don't have "x" number of hours they no longer are eligible, it just makes it very difficult.

Mr. JOHNSON. This is the position we have taken very strongly with the U.S. Department of Education, and it is on a "hold" basis. But we are concerned that it is going to come back and haunt many students, and we could have a situation with two students in the same class, where one is under that regulation and the other is not because one is in a degree program and the other is in a diploma program. It is very discriminatory, and it was again, I think, an attempt to attack, if you will, some of the actions of private trade schools, not in Minnesota certainly—we have excellent private trade schools here—but we got hit with the brush.

Senator WELLSTONE. A final question for each of you which I think is sort of a major, major question. There are some things that I would like to do that are very concrete, doable now, can be part of the writing of this bill. There are other things that are concrete but to say the least, would be much more difficult.

One idea that I have is that the Pell Grant should be a an entitlement; that we simply say as a nation that higher education is an investment, it is critically important, and we make some decision that it will be affordable for all students. Then we define levels of eligibility—$10,000 is way, way, way too low—it reaches into the middle, and we as a nation make the commitment that we will therefore fund it at such a level to make sure that students, traditional and nontraditional, are able to afford their education.

Public policy-wise, just at the level of desirability, would you be in favor of such an approach or not—and either way is fine with me; whatever your judgment is, that is what I am interested in.

Mr. PILON. Let me take a pass at it. I certainly would like to see the income levels increased and the amount of the grant increased. From a public policy point of view I get a little nervous when we start adding more entitlements to the list that we already have, and I look at the current budgetary situation that you all have to deal with, and one more entitlement does not get me that excited. But I think that the rest of it—let's deal with increasing the amounts, and let's deal with increasing the family income levels at

which people can get the grants, but let's also have the Congress be responsible as they go through the process to appropriate the money. That may be difficult, but I think it is an important part of the future of our total fiscal health.

Mr. JOHNSON. I guess I would not be that uncomfortable seeing it as an entitlement. I think that is the priority this nation should have, and I think it approaches what was just said, that this not only begins to assure access but choice, and I think both of those are priorities that the Nation ought to put well ahead of other things that are entitlements.

Mr. KRAFT. Last, I'd go back to what I talked about earlier, about priority and attitude. I think it is the nation's attitude now that education is a bad guy, and all these poor students have all the money. Well, the poor students don't have the money; the rich have the money, by definition.

Why we are getting away from this emphasis of educating all of our people is scary to me, and I see it every day. It is a priority issue.

Senator WELLSTONE. Dr. Pilon, one thing I should say to you is that one reason I mention entitlement is that the way the budget is now structured within the discretionary part of the domestic program, you can't raise any money for anything unless you make it an entitlement.

Mr. PILON. I'm aware of that.

Senator WELLSTONE. So that becomes the handle for me to push for an expansion of Pell.

Mr. PILON. Yes, I understand that.

Senator WELLSTONE. I did want to mention that.

Mr. PILON. Yes. I am certainly supportive of these gentlemen's approach to priority issue. It is as much a technical question as anything else, and that's the concern I have.

Senator WELLSTONE. I would like to thank each of you very much for your testimony. [Applause.]

Patricia Holycross is the financial aid director at Itasca Community College; Sha Leahey is educational coordinator, Labor Studies and Resource Center; David Beaulieu is director, Indian Education, Minnesota Department of Education, and Barry Yocom is director of Upward Bound, Bemidji State University.

Let's start out with Ms. Holycross.

STATEMENTS OF PATRICIA HOLYCROSS, FINANCIAL AID DIRECTOR, ITASCA COMMUNITY COLLEGE; SHA LEAHEY, EDUCATIONAL COORDINATOR, LABOR STUDIES AND RESOURCE CENTER; DAVID BEAULIEU, DIRECTOR INDIAN EDUCATION, MINNESOTA DEPARTMENT OF EDUCATION, AND BARRY YOCUM, DIRECTOR, UPWARD BOUND, BEMIDJI STATE UNIVERSITY

Ms. HOLYCROSS. Thank you, Senator Wellstone, for the opportunity to provide input on the reauthorization of the Higher Education Act.

I am the financial aid at a community college of 1,400 students located in northern Minnesota. We are located in a fairly rural area where the economy has felt the effects of iron mine closures

over the past decade as well as the current recession. Unemployment rates vary from 8 to 14 percent in area counties.

Similar to many community colleges and technical colleges, we serve a large nontraditional student population. Those over 24 years of age who return to school for training, for retraining, or the beginning of a degree program. In a given quarter, 40 to 50 percent of our students fit into this category. Many are dislocated workers and displaced homemakers. We also serve a large Native American student population because of our close proximity to the Leech Lake Indian Reservation.

Nontraditional students enter college with a special set of circumstances and needs which are far different than the traditional 18 year-old student. They have often been away from school for many years and are in need of special assistance when they begin. They frequently have family responsibilities and greater financial obligations, and they are often working at least part-time while going to school.

Many of the college's nontraditional students rely on financial aid programs to be able to attend. Sixty-one percent of all self-supporting students at Itasca Community College who apply for financial aid have family incomes below $10,000, and one-fifth of the students who applied for Federal financial aid this year come from families on AFDC.

With this information as background, I would like to highlight three major barriers that I feel need to be addressed in order to improve access to higher education for these low-income, nontraditional and minority students.

The first barrier, which has been talked about before, concerns the inappropriate use of student loans for needy first and second year students. When I first began in financial aid 11 years ago, I had six students, all from middle-income families, borrow a Guaranteed Student Loan to attend my institution. This past year, 330 mainly low-income students borrowed nearly three-quarters of a million dollars under the same student loan program to attend. Why? Two reasons. First, Federal Pell Grant and SEOG funds have not kept pace with college costs, and second, we do not have enough work-study funds to give students who want to work an alternative to borrowing.

Itasca Community College has not received an increase in Federal work-study dollars in the past 11 years, while our enrollment has doubled, and our tuition has nearly tripled.

With 70 percent of our incoming freshmen being first-generation college student who might be called high-risk, grants and work are a more appropriate option, at least in the first 2 years. I would be thrilled to offer every student who is interested in a part-time job work in order to help them pay for college. We have employers crying for workers and students who want to work, but not enough work-study money to pay them.

The second barrier involves what I call disincentives for lower-income students to pursue higher education. Child care is probably as important as financial aid in making it possible for many nontraditional students to attend school. Unfortunately, it is expensive, and there is inadequate funding to help pay for it. This year, the State of Minnesota was forced by the Federal Government to

target its child care funding to long-term AFDC recipients who had been on the program at least 3 years. As a result, brand new AFDC recipients found they could get no assistance with child care to attend school, and many will be forced to remain on AFDC for 3 years until they will be eligible for the child care they need to enroll.

A related issue to child care is that of the effect of receipt of student financial aid on food stamps. Most financial aid beyond tuition and mandatory fees is counted as income, and will directly reduce or eliminate food stamps. This further causes prospective students to really think twice about the penalties incurred by enrolling.

A third major barrier that was touched on before as well involves the application process itself. It should not require an eight-page application accompanied by a 24-page instruction book for students we know have no money to go to school, to prove they are poor. Students who already qualify for public assistance programs should be able to complete a very simple, initial application and then have their eligibility reconfirmed each year by a computer match with those agencies. The bureaucratic red tape of applying for financial aid discourages many needy students before they ever set foot on campus.

With reauthorization, we now have the opportunity to eliminate the barriers to access that I have mentioned while continuing to fund the special programs such as the TRIO programs, that I know we're going to hear more about later, which have been so effective in helping low-income, minority, and nontraditional students begin their education. Although these students need a lot of extra attention and services in their initial enrollment, they prove to be among our finest students by graduation time. Investment in them will bear an excellent return.

Thank you very much.

Senator WELLSTONE. Thank you very much, Patty. I really appreciate it.

[The prepared statement of Ms. Holycross follows:]

PREPARED STATEMENT OF MS. HOLYCROSS

Thank you, Senator Wellstone, for the opportunity to provide input on the reauthorization of the Higher Education Act. am the Financial Aid Director at a community college of 1,400 students located in northern Minnesota. We are located in a fairly rural area where the economy has felt the effects of iron mine closures over the past decade as well as the current recession; unemployment rates vary from 8-14 percent in area counties.

Similar to many community colleges and technical colleges, we serve a large non-traditional student population—those over 24 years of age who return to school for training, retraining or the beginning of a degree program. In a given quarter, 40-50 percent of our students fit into this category. Many are dislocated workers and displaced homemakers. We also serve a large native American population because of our close proximity to the Leech Lake Indian Reservation.

Non-traditional students enter college with a special set of circumstances and needs which are far different than the traditional 18 year-old student. They have often been away from school for many years and are in need of special assistance when they begin, they frequently have family responsibilities and greater financial obligations, and they often are working at least part-time while going to school.

Many of the college's non-traditional students rely on financial aid programs to be able to attend. Sixty-one percent of all self-supporting students at Itasca Community College who apply for financial aid have family incomes below $10,000 and one-fifth

of the students who applied for federal financial aid this year come from families on AFDC.

With this information as background, I would like to highlight three major barriers that need to be addressed in order to improve access to higher education for these low-income, non-traditional, and minority students.

The first barrier concerns the inappropriate use of student loans for needy first- and second-year students. When I first began in financial aid 11 years ago, six students (all from middle income families) borrowed Guaranteed Student Loans to attend my institution. This past year 330 mainly low-income students borrowed nearly three-quarters of a million dollars in the same type of student loan to attend. Why? Two reasons: (1) federal Pell Grant and SE0G funds have not kept pace with college costs, and (2) we do not have enough work-study funds to give students an alternative to borrowing. We have many students who would rather work than take out a loan to pay for schooling. However, Itasca Community College has not received an increase in federal work-study dollars in the past 11 years while our enrollment has doubled and our tuition has nearly tripled.

Research has shown that low-income students are more price responsive to grants but not to loans when it come to enrollment. With 70 percent of our incoming freshmen being first generation college students who might be called "high risk," grants and work are more appropriate options at least in the first 2 years. I would be thrilled to offer every needy student a part-time job to help pay for college; we have employers crying for workers and students who to work, yet not enough work-study money to pay them. Work has shown to be a very significant factor in persistence because it helps students to feel a part of the institution. They get to know the staff while developing employable skills.

The second barrier involves disincentives for low-income students to pursue higher education. Childcare is probably as important as financial aid in making it possible for many non-traditional students to attend school. Unfortunately, it is expensive and there is inadequate funding to help pay for it.

For the past several years, Minnesota had liberalized its policies for AFDC recipients who attended post-secondary schools. AFDC grants were not reduced when students received other types of financial aid and human service agencies could cover childcare costs for basically all AFDC students. This year Minnesota was forced by the federal government to target its childcare funding to long-term AFDC recipients who had been on the program at least 3 years. As a result, new AFDC recipients found they could get no assistance with childcare to attend school, and many will be forced to remain on AFDC for 3 years before they will be eligible for the childcare needed to enroll.

Colleges receive a small amount of state childcare funds for low-income non-AFDC students, but it is only enough to meet the childcare needs of a fraction of the eligible students. This year there was only $2 million in the program for all the cost-secondary schools in the entire state.

A related issue to childcare is that of the effect of the receipt of student financial aid on food stamps. Most financial aid beyond tuition and mandatory fees is counted as income and will directly reduce or eliminate food stamps. This further causes prospective students to think twice about the penalties incurred by enrolling.

The third major barrier involves the application process itself. It should not require an eight-page application accompanied by a 24-page instruction book for students we have no money for school to prove they are poor! Students who already qualify for public assistance programs should be able to complete a very simple initial application and then have their eligibility reconfirmed each year by a commuter match with those agencies. The bureaucratic red tape of applying for financial aid discourages many needy students before they ever set foot on campus.

With reauthorization, we now have the opportunity to eliminate the barriers to access that I have mentioned while continuing to fund the special programs (such as the Trio programs) which have been so effective in helping low-income, minority and non-traditional students begin their education. Although these students need extra attention and services in their initial enrollment, they prove to be among our finest students by graduation. The investment in them will bear an excellent return.

Thank you for your attention.

Senator WELLSTONE. Ms. Leahey.

Ms. LEAHEY. The St. Paul Labor Studies and Resource Center for Dislocated Workers is a private, nonprofit organization which is exclusively funded by government grants. It stands ready to assist

dislocated workers who, through no fault of their own, have been laid off from their places of employment.

Many are traumatized by the loss of their jobs. Their financial stability is indeed threatened. They have mortgages, child care expenses, yes, credit card bills, daily transportation costs, and car payments. They may have children in college, or they support a parent or a grandparent. Pensions and health benefits are threatened or in some cases lost altogether. Their families and their self-esteem begins to disintegrate, as evidenced by the growing number of home foreclosures, bankruptcy proceedings and divorce proceedings that we witness on a daily basis in our organization. They may lack the educational, vocational and literacy skills needed to participate in today's competitive job market.

LSRC stands ready to assist these individuals with customized training and/or educational and employment strategy that best suits their needs.

For many dislocated workers, the once traditional career path from high school to college to work was not an option at that time. Many—not all—took good-paying jobs in manufacturing. They stopped along the way to get married, to have children, to serve in the military. They became used to steady promotions and wage increases, and what was then perceived as lifelong job stability, in exchange for their loyalty.

The transition to a service economy found that most of the earlier displaced workers were in their mid-40's, since layoffs had been by seniority.

Educational levels are also lower since the more mature worker was educated when it was common to leave school at a much earlier age. Many who find work also experience permanent loss in income. For example, new jobs in the State of Minnesota in the service sector are now paying between $6 and $8 an hour compared with $12 an hour in dislocated jobs.

The dislocated worker is truly on an emotional roller coaster. As a result, more of these mature workers do not job hunt with what we call rose-colored glasses. They are becoming increasingly more aware of the occupations with the fast-growing wages, and at the same time, they realize that higher reasoning skills, higher math skills and language skills are also necessary.

More than half of the new jobs created between 1984 and the year 2000 will require education beyond high school. One-third will require a college degree. And while higher education may not be a solution for all dislocated workers, it is truly a viable option.

At the present time, LSRC has serviced over 1,900 dislocated workers, and approximately 700 of those workers have elected retraining programs, many at the local technical colleges in the State of Minnesota.

Ewold Nyquist, president of the University of the State of New York in 1973 said, "As long as we remain a strongly-credentialed society, employers will not be predisposed to hire people on the basis of what they know rather than on what degrees and diplomas they hold . . . Such inequity should not be tolerated." Thus the dislocated worker becomes a nontraditional student—a nontraditional student who needs the support in the form of Federal student loans, for this form of financial assistance is a critical component

in developing and implementing their educational plans. They cannot afford the entire additional burden of tuition, especially when lending institutions deny educational loans sometimes based on the fact that, "You are out of work, and you are not a good credit risk."

I'd like to share with you, if I may, three examples of some of the people that we see come through our program. John, a gentleman age 48, married, with two high school children, earned $29,000 as an electronics test technician at the time of his layoff after 12 years with the same company. He elected to retrain, and after his retraining program he relocated to Michigan, separated from his family, because he needed the experience in a small metropolitan airport as a condition of employment for the international airports. Together, his family somehow managed to stay together, and they maintained two households. However, his determination paid off, and he was recently hired by Northwest Airlines and has come back to the Twin Cities and has reunited with his family.

Mary, age 38, is a single mother from an abusive situation. She earned $30,000 as a marketing agent after 15 years with the same company. During her frustrating job search, she decided to complete her undergraduate degree. During this time as well, she became part of a special HUD program that helped her keep her home so that she would not also be dislocated from her home. She graduates in June with honors and has recently made application to complete a master's degree at the University of Minnesota in psychology. In the interim she is working in a shelter for abused children on a part-time basis as she selects further occupational choices and funding for her higher education.

Finally, there is a gentleman named Jim who is now 44. He is divorced partly as a result of the dislocation of his job. He was earning approximately $25,000 as a jigman after 14 years with the local company. Five years after his layoff, Jim found himself still doing odd jobs, eventually ending up on general assistance. When he came to Labor Studies and Resource Center, he was literally living out of his car. This is not uncommon. His sense of implied contract, guaranteeing employment in return for loyalty to the company that laid him off, seriously weakened his self concept and his perception of the job market. He had no idea what to do. He has presently completed a 9-month training program at a northern Minnesota technical college in poultry production management and is mounting a successful job search effort in the State of Minnesota as well as outside the State of Minnesota. He has not gained employment yet, but we are hopeful that his job search will prove fruitful. He is one of the more severe cases, one of the truly homeless, that we see as a result of a dislocated worker.

In conclusion, success stories such as these certainly take a great deal of courage. Each of these workers as well as many of their peers have encountered numerous frustrating and humiliating obstacles on the road to re-employment. However, their realistic attitude and their practical experience, coupled with a strong work ethic and a determination to succeed, have paid off. They need the continued assistance. Others are denied the opportunity to have that second chance or second opportunity because they have no additional funding for schooling.

The right to earn a decent wage and to continue to make a positive contribution to society can no longer be easily exercised by the dislocated worker without continued support.

Thank you.

Senator WELLSTONE. Sha, I'd like to really thank you for the personal examples because I think that really adds to the power of the official record. I also would like to thank you for the work you do with dislocated workers. I was really delighted that you would be part of this hearing, because I think sometimes we lose sight of some of the really traumatic changes that have happened in the labor market in this country, how it has affected people and where dislocated workers are right now. So thank you very much.

[The prepared statement of Ms. Leahey follows:]

THE DISLOCATED WORKER AS A NONTRADITIONAL STUDENT:

BREAKING THROUGH TO A SECOND CHANCE

BY

SHA LEAHEY

The transition during the last ten years from a goods producing economy to one focused on services has created many dislocated workers, workers whose plant has either closed or permanently reduced this workforce.

Dislocated workers, especially those who have worked for the same company for many years, are faced with disturbing facts. A large number experience a significant and permanent loss of income. For example, new jobs in the state of Minnesota are primarily service-related and pay between $6 and $8 an hour compared to an average of $12 an hour paid in dislocated jobs. Furthermore, those who involuntarily lose their jobs are more likely to endure longer periods of unemployment that those who quit or who are entering the workforce for the first time. Therefore, it is reasonable to assume that those who seek employment in the 1990's must realize that they are faced with a labor-market that has changed dramatically. It is not that there are significantly fewer jobs for the large number of people seeking employment, but-that the jobs which do remain, are in fact, less secure, pay less, and demand higher levels of education and training.

A reasonable interpretation of this information suggests that there is intense competition for all jobs because of higher unemployment and the fact that the number of college graduates has grown more rapidly than the number of jobs requiring a college degree. Thus, well paid jobs requiring little formal education are disappearing. College graduates unable to find professional, technical or managerial positions now compete with those who are less educated for less prestigious jobs, making it even more difficult for persons with lower levels of formal education to find well-paid employment.

ASSESSMENT/EDUCATIONAL IMPLICATIONS

Study after study suggests that the average American worker falls short in many critical areas, thus facing enormous learning requirements in the future.

For example, by the year 2000, many lower-skilled jobs will have disappeared and new more highly-skilled jobs will have replaced them.

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The economic skill-mix will be upscaled, with most new jobs requiring more education and higher language, mathematics and reasoning abilities than currently required in today's workplace. Specifically, more than half of the 26 million new jobs which will be added to the economy between 1991 and the year 2000 will require some post-secondary training, and approximately one-third will demand a college degree. It is apparent that all of the fastest growing job categories will require some level of post secondary training. By sharp contrast, a high school education is the highest level of preparation needed for the types of jobs which are presently disappearing.

Throughout the 1980's, approximately 2.5 million workers have been dislocated each year, according to the Bureau of Labor Statistics. Nearly one million long-term workers have been dislocated annually. It is estimated that 30% of these workers lack basic skills. As a result, one-third never found jobs at all; others found work, but at significantly lower pay.

Further, by the turn of the century, the workforce will be older and grow more slowly in size than at any other time in United States history, except during the Great Depression decade. The largest percentage of dislocated workers are disadvantaged, middle-aged and inflexible, as well as undereducated and undertrained. The right to earn a decent wage and to continue to make a positive contribution to society can no longer be easily exercised by the dislocated worker. Disenfranchised, for example, is the foundry worker or electronics test technician unable to find the job to fit his/her unneeded skills.

More than three-quarters of the nation's new workers will have limited verbal and writing skills; they will be competing for only 40% of the new jobs. Most new jobs will require workers who have strong reading and writing skills, but less than one in four new employees will be able to function at the needed levels. Fewer than 22% will be able to read safety rules and write simple reports.

Employers are faced with the question of how to fill the gap between skills required to perform and those possessed by potential employees. Some will increase their investments in technology; some will relocate to areas providing lower operating costs and less expensive labor; others will rely on educational and training programs. In whatever way the employer chooses to cope with this problem, virtually every one of us will be affected by the increase in employees who lack the skills they need to successfully perform on the job: Incomes are lost and unemployment and welfare lines are getting longer. But business cannot shoulder this responsibility alone. The state and federal government must also commit themselves to reducing the "skill deficiency gap" existing with many dislocated workers.

Research indicates that education is strongly associated with the ability to cope with change.

Anyone who sets out to look for work under these highly competitive conditions needs to be clear about his/her occupational goals, and the education and training needed to reach those goals. Success today requires not only a good idea of where openings are likely to be found, but also what skills or training is necessary in obtaining those positions.

How is the St. Paul Labor Studies and Resource Center (LSRC) helping reduce the "skill deficiency gap" dilemma? It is actively committed to seeking out educational and training programs that work. Today's workplace demands not only a good command of the three "R's" or basic literacy skills, but much more. Employers want a new kind of employee with a broad range of workplace skills that will facilitate learning on the job. Much of the change that is occurring will require workers to participate in formal education. Literacy skills, workplace skills, potential retraining skills, and higher levels of education must each be carefully addressed to predict, within the limits of assessment, plausible success in both the workplace (i.e. job placement) and in career retraining options. LSRC offers assessment services to determine a client's interests, level of basic skills and training potential. A written summary of test results and follow up interpretive conferences are provided for each client.

Assessment includes:

The General Aptitude Test Battery	(GATB)
Career Assessment Inventory	(CAI)
Test of Adult Basic Education	(TABE)
Adult Basic Learning Examination	(ABLE)
Strong Campbell Interest Inventory	(SCII)
Meyers-Briggs Type Indicator	(MBTI)

Aptitude, interest and academic assessment can give the client that much needed inward view. This type of assessment introduces the client to different kinds of intelligence, to different aptitudes and to the great variety of human talent. Outcomes from these interpretive conferences may include:

- Referring clients to the Skills Enhancement Program provided in-house by the St. Paul School District. Many dislocated workers resist school-based learning because they have done poorly in school as children and adolescents. This unique program provides the dislocated worker with one-on-one skills enhancement in a nontraditional setting. Literacy skills are taught in the context of the job in which the learner will actually perform. Evidence suggests that progress made in the classes using school-type materials are minimal at best and often do not transfer to the workplace. However, dislocated workers who learn basic literacy skills using materials pulled from the workplace tend to master these skills more rapidly and retain more of the knowledge over time. This type of instruction requires custom designing of instructional materials, but results in the worker finding applications of basic skills in the workplace more relevant and more likely to lead to continued practice of these skills on the job. GED preparation is also available to clients striving to complete their high school education.

- Determining if the retraining program is an appropriate choice for the client. Prior to entering the training program, the client will meet with the Career Path Specialist to select tasks that are representative of the program curriculum. Individualized performance goals, as they relate to determine program skills, are developed and analyzed at this time.

- Seeking out and developing customized training programs in conjunction with local learning institutions. Custom-designed instructional simulations can comprise the core of an instructional program without taking the majority of instructional time. This permits the dislocated worker to retrain and to re-enter the workforce in a shorter period of time, thereby diminishing the tangible loss of income so often felt by those who have selected longer term training programs.

- Setting realistic achievement levels for the client within the program curriculum.

- Developing a program completion timeframe.

- Developing a supportive services plan detailing the types and frequency of services provided by the learning institution of choice, if and when deemed necessary by the client for successful completion of retraining program.

- Developing a coordinated out-placement service plan with a job developer for the client upon completion of training.

Now, more than ever before, a literate and skilled workforce is a basic requirement for our country's continued economic growth and prosperity. Too often business has looked at its workforce as a cost rather than as a resource. Investment in training yields high returns and tangible rewards. Both government and business are in a belt-tightening mood, eager to keep costs under control.

Yet, our ability as a nation, or a state, to compete is put at risk by inadequate investment in retraining its workforce. It is estimated that nearly two million workers per year must be trained by the year 2000 if the United States is to cut the existing unemployment and illiteracy rate. It is not a question of affordability, for as a nation, or a state, we have no choice but to move forward on this important economic component.

TRAINING STATISTICS

From a training standpoint, LSRC has worked with 1,900 clients. For the grants that have been completed, LSRC has provided training for over 43.5% of the clients. LSRC is finding that the percentages in the new grants will be considerably higher; estimated to be in area of 55-65%. This indicates that the dislocated worker of today is requiring additional training in order to keep up with the workplace in finding gainful employment.

PUBLIC POLICY RECOMMENDATIONS FOR THE DISLOCATED WORKER AS A NONTRADITIONAL STUDENT

Approximately 70% of the dislocated worker population sees the technical colleges as a logical place to retrain, while those with more education, specifically those in the computer industry, are drawn to the community colleges and 4-year universities. Many of the growing occupations are found in trade and services, particularly the business and health fields. However, time and money are the most common deterrents emphasized by workers desiring to enter training programs.

The dislocated worker cannot afford to undertake longterm training at a time in his/her life when financial stability is threatened. Remaining out of the workforce isn't an option for many workers. They have mortgages, cheldcare expenses, credit-card bills, daily transportation expenses, and car payments. They may also have children , some of whom are in college, or they support a parent or grandparent. Too young to collect pensions and social security benefits, the worker is on an emotional roller coaster. Ways must be found to protect potential loss of pensions and health benefits. Health costs alone have increased 66% from 1982-1990. Unemployment compensation could be extended to allow two years for training, educational, or literacy efforts. Finally, the low interest/student training loans and federal grants are critical in the decision to train. The dislocated worker is striving to keep his/her head above the waves of economic change; he/she cannot afford the additional burden of tuition, especially when lending institutions often refuse educational loans based on the fact that "you are out of work... you are not a good loan risk."

Thus, lower levels of education, not a problem for the dislocated worker at an earlier age, is a real hindrance for the individual in his/her late thirties to mid-forties. Therefore, for the individual, a practical course of training which builds on his/her natural aptitudes might make sense. Making a reasonable and practical choice of the job to retrain for is the first critical step. For others, it is a question of upgrading and expanding literacy skills so that the worker is not blind to reasonable alternatives which may surface during the job search process.

Job choice and the question of vocational training, higher education or literacy needs involves a search for a good match between the needs and abilities of the person seeking employment and the needs of employers in the local area.

In conclusion, quality educational/vocational training and literacy programs and their applicability to the needs of particular industries allow employees, young and old alike, to keep pace with economic and technical change, thereby encouraging innovation on the job. These alone are compelling economic reasons for the federal government to continue to invest in the training and literacy needs of its workforce.

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Senator WELLSTONE. Mr. Beaulieu, thank you for being here.

Mr. BEAULIEU. Thank you, Senator.

I am really happy to be here to talk somewhat about Minnesota Indian higher education. I am currently director of Indian education for the State of Minnesota. I am also a member of the Federal Indian Nations at Risk Task Force which has been meeting all over the country, taking testimony on Indian education, and will this coming June be issuing a final report to the Secretary of Education.

We think Minnesota as a State is a model in terms of providing for the needs of American Indian students. As a State Government, Minnesota has provided a number of programs for elementary and secondary education and for higher education.

The program I would like to talk about and focus on is our Minnesota Indian Scholarship program. We currently provide $1.6 million a year in scholarship assistance to American Indian students to attend postsecondary educational institutions in this State.

Our program is basically designed to meet what is defined as the unmet financial need of American Indian students after all other sources of aid have been applied to a student's financial need. In this purpose, we share the function of the Tribal Federal Scholarship programs as well. Collectively, the tribal governments of Minnesota have about $1.4 million available to meet the unmet financial need of American Indian students, and with the State program of about $1.6 million, there is about $3 million available to meet that unmet financial need.

This allows us as a program to see almost every, single Indian student who applies for postsecondary education in the State of Minnesota. I want to focus on the fact that we are fast becoming unable to meet the needs of American Indian students in the State of Minnesota. This current year, we will turn away 1,000 American Indian students who have applied for financial aid for our program, who have an unmet financial need for which we do not have resources to meet their need to go on to higher education.

Because of the characteristics of our program, the students must be enrolled already in a higher education program; must have gone through the financial aid process; and then apply to us because they have an unmet need. And we will turn away 1,000 American Indian students this year.

That's a large number of students in Minnesota alone that we will be turning away.

Because of the characteristics of our student population, we believe these students are not likely to come back a second or third time to seek higher education. The road that brought them to the front door of an institution of higher education in this State, the personal histories of each of our students are such that the journey has been incredible to have gotten them there in the first place.

When we say "No," we believe it is a big "No," and they are not likely to stay in school.

I'd like to emphasize the point by talking a little bit about the history of Indian education in this State. It is a remarkable history, and it is a very recent history. I entered the University of Minnesota in 1966 assisted by a scholarship grant from the Minnesota Chippewa Tribe. At that time, tuition was $90 per quarter, and with a

grant of about $340 and work, I was able to go to the university and graduate. I was also able to go on to graduate school through a scholarship grant provided by the Bureau of Indian Affairs and the U.S. Office of Education. It was the Indian administrator preparation program which provided fellowships to students in educational administration for about 5 years during that time period, about 20–30 students per year.

The personal histories of those students that I went to school with are somewhat remarkable. They have gone off to establish tribal colleges all over the country, are working in professional careers all over the United States currently.

But at the time that I entered the University of Minnesota, there were only 36 American Indian students in the entire University of Minnesota. When the Minnesota Indian Scholarship program was founded in 1955 by the State legislature, with an appropriation of $5,000, there were a total of 22 American Indians in the entire State of Minnesota going on to some form of postsecondary education.

At the time when my father came of school age on the White Earth Indian Reservation in around 1920, 70 percent of all Chippewa children in this State had no place to go to school.

Currently, we fund 1,500 students a year through the State Indian Scholarship program to go on to higher education; each and every year, about 1,500 students. In the entire history of our program, we have had over 6,500 graduates. Seventy percent of those graduates have completed their education programs in just the last 10 years. Ninety percent have completed their programs since 1970.

We have incredible momentum in higher education of Indians wanting to go on to higher education, and once getting there, being very successful. One-third of all the students we assist graduate each year. We believe that financial aid is the most critical aspect to enabling Indian students to go on to higher education and to be successful.

It is an incredible situation now to think that we will turn away 1,000 students this coming year. When you look at the characteristics of the population that we serve, about 70 percent of our students qualify to go on to higher education by virtue of the GED, not high school graduation. The vast majority of our students are female with children. Twenty-five percent of our students are on AFDC.

We believe that we are a very important program. Because we are a State program, and we provide money in addition to the Federal dollars that come through the Federal Tribal Scholarship program, we believe that the need of course is even greater in other States. The State of Minnesota has made a significant contribution to assist American Indian students to go on to higher education, and it is still insufficient.

With that, I think I'll stop. I wish to emphasize the fact that we are almost a victim of our own success here in the State, that we have encouraged and have been able to enable students to go on to higher education, for which we don't have any more resources.

Senator WELLSTONE. I think it is a success to be proud of. Obviously, we don't want to go back on what we have been doing. It is a matter of finding the support. To be able to provide the encourage-

ment and the support for Indian students to go on, for them to then find out they can't go on is kind of cruel. By the same token, the answer is not, of course, to turn the clock back. I am really interested in your testimony, and I am also on the Select Committee on Indian Affairs, so I do look forward to working with you in other ways as well—and that is a committee I very much wanted to get on.

Mr. BEAULIEU. There is one other point I wanted to mention, Senator, and it is an important statistic. We currently serve about 1,500 students, but with the increasing costs of higher education, with a set amount of dollars available, we believe that by 1993 we will only be able to serve 1,000 in Minnesota going on to higher education.

Senator WELLSTONE. I want to come back to questions.

Mr. Yocom.

Mr. YOCOM. Thanks, Senator, for the opportunity to testify.

As you know, I was at Minneapolis Community College on Friday and listened to the testimony, and I have submitted a paper in advance to you, and if you don't mind I'd like to just make some informal comments.

I am director of an Upward Bound program, one of 26 TRIO programs in the State of Minnesota serving over 7,000 students. There are eight Upward Bound programs in Minnesota overall, one of them at this institution, which serves about 525 students each year.

Several recommendations were made to you regarding the legislation for reauthorization of the Higher Education Act, and for the record, I'd just like to say that I endorse those and briefly touch on them as I go through.

One of the recommendation is that legislative language needs to be put in place for earlier intervention by TRIO programs. That was mentioned to you in the testimony at MCC.

Senator WELLSTONE. Could I interrupt you for just a second?

Mr. YOCOM. Sure.

Senator WELLSTONE. Do most of you know what the TRIO program is? Do you mind, Barry, just spelling that out very briefly—and I'll tell you why I ask you to do it—and I shouldn't say this, but I'm going to, because honesty is the best policy. In the last 3 weeks or so, I have become the biggest advocate for the TRIO program, but I didn't know very much about it before. It is a program that has been an unambiguous success, much like Head Start, but a lot of people don't know what it is, and if you could just briefly spell that out for the people who don't know.

Mr. YOCOM. Yes. Most of us were educated to think that "trio" meant "three;" and there are really five programs under this legislative title. One of the programs is called Talent Search, which is an outreach program dealing with students grades seven and I think the top age is about 27 years old. The purpose is to identify talented and academically people in that age range and encourage them to go on for some kind of higher education training.

There is a program called Upward Bound, which I am director of, which is also an outreach or postsecondary-based program, whose purpose is to motivate and prepare low-income and disadvantaged youngsters for higher education. They operate on college

campuses with a six-week summer alternative school and then a follow-up program during the academic year.

There is a program called Educational Opportunities Centers, which is relatively new on the TRIO scene, I think within the last 5 years or 8 years, if I'm not mistaken, that serves exclusively adult populations and generally large population. It has a similar focus, as I understand, to Talent Search.

There is a program called Student Support Services, which is a college-based, college-located support for students who have special learning needs and/or need for tutoring, mentoring and that kind of thing.

The fifth program is Veterans Upward Bound, of which we have one project in the State of Minnesota.

So all those programs are included under the broad name of TRIO in legislative language.

Senator WELLSTONE. Thank you. I appreciate that.

Mr. YOCOM. The second point that I'd like to make—and I'm going to run through my list here—I feel like this is like a good political ad I saw once, where you have to run from point to point, and it seemed to be effective——

Senator WELLSTONE. Hey, it has worked before.

Mr. YOCOM. Yes. [Laughter.] Minimum grant levels were mentioned to you in Minneapolis, and strengthening the math and science components of Upward Bound. Mick Endersbe talked about administrative accountability, basically requesting that a 5-year grant cycle for TRIO programs be written into the legislative language, and that notification for funding be at least 10 months prior to the initiation of a grant period.

Then there was some talk about the block grant concept, if you recall the President's proposal, and Mick Endersbe was very, very adamant about that, and I recall that you questioned him.

I want to just point something out about the relationship as I perceive it between the Department of Education and TRIO programs. It is kind of interesting. I know that the idea behind block grant tends to be that local control is best, and if we move that money back to States and State departments, everything is going to be okay. But really, the relationship between the Federal Department of Education and TRIO is largely hands-off. There are certain parameters and requirements which we are expected to meet, of course, but there is a philosophy there that people who are on line, on site actually know best. So in a sense, it is the best kind of local control.

I think part of the concern about moving outreach program money to the States rests with the possibility that maybe some micro managing could occur, and I think there is some concern about that. And what we are doing now works.

I have heard testimony here and at Minneapolis Community College all about the issue of access, and access was really the foundation of why TRIO programs were created in the first place, with origins in Johnson's Great Society programs, of course.

I was alarmed about 2 weeks or so ago, watching C-SPAN—as a matter of fact, it was hearings where Secretary Alexander appeared before your committee—and one of the committee members I thought said, well, we have dealt with the issue of access, and

now it is time to go on to other things—and I can tell you who that was later; I don't know if I want it part of the public record—but I was really concerned, and of course being the zealot that I am, as all TRIO people are—and this was at 1 o'clock in the morning—I jumped off the couch and said, "I can't believe what I just heard," because as far as I was concerned the issue of access was the most important issue. And I am not really sure how much progress we have made on that since 1965 and 1966. As we listened to the testimony at MCC, all the issues that were raised there had to do with access——

Senator WELLSTONE. Yes, that's right.

Mr. YOCOM [continuing]. Rising tuition costs at higher education institutions not accompanied by rising financial aid packages; the trend in financial aid structuring toward indebtedness instead of entitlement kinds of programs. Rising admission standards were mentioned at MCC and the Commitment to Focus program and the Q-7 program were mentioned, Q-7 by the State university system.

I'd like to make just a couple of comments about that because I really feel like the door of opportunity for low-income and minority people is slamming shut on all kinds of issues and that one in particular in Minnesota.

There is a student who was in my program in 1972 who is now 38 years old. She is a Native American woman. She had a 4.0 last quarter. She is a single parent with three children and is one of the authentic American heroes as have been described on this panel, going on through, and will get her teaching degree and teach on the Pine Ridge Reservation. That is her goal; that is what she wants to do.

When I pulled her file and looked at the new admissions standards which are to be implemented in 1995, this woman would not be admitted to Bemidji State University. I have had more students denied admission to Bemidji State University in the last 2 years than I have in all the 25 years previous that Upward Bound has been there, and this concerns me a great deal.

We have three people who work at Bemidji State who are alums of our program. We have a woman who is an adjunct professor of political science with a juris doctorate from Madison. We have an assistant director of admissions who has a degree from Bemidji State, and we have an assistant director of placement services who has a graduate degree from University of North Dakota. I don't think those people would be working at Bemidji State and making the contributions that they are making—and all those people are Native American, by the way.

So I am very concerned about that, and I know that is not a Federal legislative issue; it is a State issue, but I do see it as a way that access is being denied, and I am very concerned about it.

Certain educational practices were mentioned at MCC by Ms. Salinas, practices in the educational pipeline which destroy students' self-esteem. I think it is important that those things are viewed also as obstacles.

And we have talked about, and you will hear in other testimony, the disintegration of the American family is an issue as well. Tragic things there. There is a therapist in Minnesota, by the way,

who has said the American family has become the most dangerous thing for children. That is a scary thought.

Just two more points that I heard at MCC—the necessity for goal-directed students to seek employment beyond school, and of course, the availability of child care. Those themes keep coming up and up and up, and those are access issues, but I think if you went to the students themselves, beyond talking to some of us, you'd find that that is a very good thing to do because in fact this may be the short list, and there may be a very long list of other things specifically that are access problems.

Just a couple more points, and then I'll stop. Some of those points of access barriers seem to me to fall outside the realm of fixing by some kind of educational process, and that suggests a thought that has been apparent or discussed now by some educational visionaries—that the problems we have in education in this country are really systemic. It is not just to do with the schools. It has to do with health care, it has to do with employment, and it has to do with social policy. And those visionaries talk about the necessity for coalition building to solve those problems. There is a quote going around right now which I think is really great; it is an old African proverb: "It takes a whole village to raise a child." It implies, I think, that coalitions of thinking and coalitions of commitment are important.

I wonder sometimes if that wouldn't be a good idea for the United States Congress where education and social welfare policy and health people actually get together to form some kind of a national vision or national plan for what education should be.

While we wait for that, I think we are denying a lot of opportunity for people, and I think we have potentially pending a national crisis, self-inflicted, if these barriers to access aren't eliminated. I think TRIO programs and other programs have always been what I would call America's expression of faith in itself, and I hope we haven't lost that faith.

Senator WELLSTONE. Thank you very much, Mr. Yocom.

[The prepared statement of Mr. Yocom follows:]

PREPARED STATEMENT OF MR. YOCOM

I. Introductory Comments

Senator Wellstone, my name is Barry Yocom and I am Director of the Bemidji State University Upward Bound Project, a TRIO Program funded under Subpart 4 of Title IV of the Higher Education Act, Special Programs for Students of Disadvantaged Backgrounds. I want to thank you for the opportunity to testify before you today on the reauthorization of the Higher Education Act and to share some thoughts with you about equal educational opportunity in our state and nation.

Let me begin by providing you with a profile of existing TRIO Programs in Minnesota. In Minnesota, sixteen institutions host TRIO Programs and serve 7,710 students who meet the U.S. Department of Education's participant eligibility criteria. Of this number, at least two-thirds are economically disadvantaged and First Generation college students. The remaining students served are either economically disadvantaged or First Generation college students. Also included in this number are physically handicapped students who may participate in Student Support Services programs without meeting the family income or First Generation eligibility criteria mentioned above. Student participation in the specific TRIO Programs in Minnesota is detailed below:

TRIO Program	Programs	Students Served
Educational Opportunity Centers (EOC)	1	1800
Student Support Services	13	2865
Talent Search	3	2400
Upward Bound	8	525
Veteran's Upward Bound	1	120
	26	7710

These Minnesota TRIO Programs do an excellent job of achieving their objectives as do all TRIO Programs across the country. Staff that work in these programs are dedicated and competent professionals and the students served by the programs are grateful for the opportunities for a better life that these programs provide. In thinking about TRIO Programs a few years ago, it occurred to me that TRIO is an expression of America's faith in itself. It is critical for the United States Congress to maintain that faith through aggressive support of TRIO in the higher education legislation now being considered.

I've heard it said that conception begins with a twinkle in the eye. You might be interested to know that the twinkle in our country's eye leading to the conception of TRIO programs probably occurred on March 15, 1965 when then President Lyndon B. Johnson gave before the United States Congress what is thought to be the best speech of his presidency. The events of Selma had

recently occurred. In that speech, President Johnson talked about his teaching experiences with Mexican-American children thirty-seven years before. He talked about how the American dream was being denied to those children and all the poor of America. He then challenged Congress to equalize opportunity in America. President Johnson then closed his speech quoting the civil rights movement's anthem "We Shall Overcome". Johnson's Great Society Programs, from which TRIO was born, arrived on the American scene within months.

The original intent of TRIO Programs was to create access to higher education for the nation's poor and minorities. Access to higher education was thought to be the pathway to the American dream and a good long-term investment in needed American productivity. Some individuals concerned about the decline of the American education system suggest that the obstacles to access of higher education have now been overcome and that the focus of the federal government's educational agenda should now be on how to promote educational excellence. While I support educational excellence, I hold the opinion TRIO's role in promoting access continues to be extremely important. Some, but no all, of the recommendations will make to you today will speak to the issue of access to higher education for potential TRIO students. I will also make some specific recommendations for Upward Bound Projects since it is that program with which I am most familiar.

II. TRIO Reauthorization Recommendations

The Need for Early Intervention

Early intervention has always been considered good educational practice. When I began working with Bemidji State University Upward Bound more than twenty years ago, it was common for Upward Bound Projects to target only students that had completed the tenth of eleventh grade of high school. During these early years of my Upward Bound work, bringing program services to students of this age was considered early intervention. Recent significant and on-going research in Minnesota and across the nation now reveals that youth engage in at-risk behaviors at a far earlier age than the sophomore or junior year of high school. There is growing agreement that the optimum time for intervention with at-risk youth is the late grade school or early middle schools years. Pre-college TRIO programs need to be responsive to this change on the American landscape. Recent U. S. Department of Education changes in regulations governing the Talent Search program have allowed that program's service to be directed at students as young as twelve. This is to be applauded. Upward Bound programs may now serve students who are at least fourteen and have completed the eighth grade. Even earlier intervention needs to be considered.

It would be my recommendation that the age limitation for Talent Search be changed to allow participation of students who are at least eleven years of age who have completed the fifth grade. Upward Bound age limitations should be changed to allow participation of students who are at least twelve years of age who have completed at least the sixth grade of school. A change in these age limitations would allow for the building of a comprehensive service model of early intervention and continuous service for pre-college TRIO programs. If access to the American dream via the attainment of a higher education degree is to be a reality for the poor and disadvantaged, pre-college TRIO programs are going to have to intervene in the lives of students sooner than they now do.

The Need To Establish Minimum Grant Levels

Research on TRIO programs has demonstrated that students who receive the comprehensive support services from TRIO programs are more likely to persevere to college graduation. Nationally, many TRIO programs are underfunded with some programs receiving less than $100,000 with which to carry out their mission. Without the capability to provide the needed comprehensive support services, TRIO programs lose their capacity to facilitate the achievement of the American dream.

In addition to the impact of underfunding on comprehensive TRIO services, underfunding limits the number of participants any TRIO program can service. For pre-college TRIO programs nationally, it is estimated that as much as 40% of the junior high and high school populations are TRIO eligible yet less than 1% actually have the opportunity to participate. Bemidji State University Upward Bound is the only Upward Bound Project serving north central Minnesota and serves only ten high schools within a seventy mile radius of the host institution. We commonly turn away 2-4 eligible Upward Bound applicants from these ten high schools annually because we are funded to serve only 70 students. We estimate that as many as 350 students from these schools would be eligible for Bemidji State University Upward Bound if adequate funding were provided. The lack of opportunity for eligible students to participate in Upward Bound in northcentral Minnesota becomes more clear when you consider that there are many more high schools in our Project service region that are not served by Upward Bound at all. The true magnitude of this tragedy is most apparent, however, when you look at a map of the State of Minnesota and realize that Bemidji State University Upward Bound's service region is a small compared to all of the northcentral Minnesota. Thousands of young people in the broad northcentral Minnesota region have no access to an Upward Bound Project at all, including the

significant populations of Hispanic youth residing in communities up and down the Red River Valley. Additional Upward Bound Projects need to be funded at higher education institutions whose service regions include these areas. To address this problem, the National Council of Educational Opportunity Associations (NCEOA) has made the following recommendation that I support:

> **Present legislation should be amended to require the Secretary of Education, in any year in which TRIO appropriations exceed the current service level, to use 80% of any amount appropriated above current services to bring all grants to the level requested by the institution or a base grant level of $300,000, whichever is less.**

While this recommendation would allow existing programs to begin to offer needed comprehensive services, substantial increases in TRIO appropriations will be necessary if more students are to be reached. New programs should be funded at the level requested by the institution or at a base grant level of $300,000, whichever is less.

The Need To Strengthen Science and Mathematics in Upward Bound

Competency in advanced mathematics and scientific literacy tend to be major deficiencies in the education of low-income youth. In addition, inadequate preparation in writing skills is common. These deficiencies can impede admission to competitive colleges and universities and pose a significant challenge for success in college. These facts, coupled with the underrepresentation of minorities and low-income persons in math and science professions, suggest that the following recommendation is appropriate:

> **All Upward Bound programs which have been funded for more than two years (past the developmental stage) should be required to offer mathematics through pre-calculus, a laboratory science composition as part of their Summer Program core curriculum.**

The Need To Create Coalitions of Service

Within the past two weeks, I have heard several people quoting an old African proverb that says "It takes a whole village to raise a child.". This would seem to have pragmatic application today in a society that has been witnessing the disintegration of the family and an apparent decline in the quality of American education. As the debate on the need for reform of the American education system has commenced, diverse groups of concerned visionaries are coming together in

agreement that what happens in the education of children is everyones responsibility.

This realization is not new to TRIO. Upward Bound programs have always understood that students have the best chance to succeed academically and achieve the American dream when parents, schools and the Project form a coalition in behalf of the child's future. To support coalition building in Upward Bound, I would offer the following general recommendation:

> **Language in the legislation governing Upward Bound needs to be changed to allow some expenditure of resources on the student's families and on other activities supporting parent-Project-school coalitions.**

Examples of allowable expenditures directed at parents might include resources for the Project to teach teen parenting skills, providing counseling and advising to parents on entering or resuming post-secondary education programs and assistance in completing financial aids applications. Examples of allowable expenditures supporting parent-Project-school coalition building might resources for retreats, meeting costs and costs for coalition training.

The Need To Strengthen Administrative Accountability

TRIO programs need to be held accountable for serving only eligible participants, for meeting stated goals and for managing program resources responsibly. At the same time, the federal government needs to administer TRIO in a way that enhances the possibility for program success. To ensure federal TRIO management practices that enhance program success, several current administrative practices need to be changed. NCEOA has made several excellent recommendations in this regard. I would like to highlight some of those recommendations for you:

> **Language should be included in the TRIO Subpart to mandate a five year grant cycle.**

This would allow existing programs sufficient time to effect positive changes in program operations, build necessary supporting coalitions and guarantee a continuum of support for students served.

> **The TRIO Subpart should be amended to require the Secretary to notify all applicants regarding the success or failure of their applications to begin or continue a TRIO program at least ten months prior to the beginning of a grant cycle.**

New funded programs and continuing programs need time to prepare for the delivery of service. Programs that are to be defunded need time to develop transition services for students in need. The change in administrative practice recommended, above, would allow programs nearly a year to gear up or transition out.

Language should be included in the TRIO Subpart indicating that either a signed statement from a legal age student or independent student, a signed statement from the parent or legal guardian, a signed financial aid form or a signed 1040 is sufficient to document that a student is a low-income individual.

The current law on TRIO eligibility documentation specifies no standards or regulations for eligibility determination. Consequently, there is considerable diversity in how an individual program might document participant eligibility. Consistency and accountability are needed.

III. Non-legislative Issues and Concerns

Block Grant Concept For TRIO

It is my understanding that President Bush has advocated for combining the funding for Educational Opportunity Centers, Talent Search and Upward Bound and giving these funds to the states in the form of block grants. In effect, this concept advocates for the dismantling of an experienced and effective federal TRIO program management system with no assurance that a commitment to these programs would continue under state administration. While the President's proposal in this regard would seem to support the popular philosophy that local control of educational programs is best, it fails to recognize that the U.S. Department of Education's management of TRIO programs allows for considerable autonomy in individual program implementation and operation. In effect, the Department's TRIO management style assures the best kind of local control - control of the programs by people who are directly serving the students in need. New state administration of TRIO pre-college programs would invite obstructive micromanaging, undermine existing necessary program autonomy and jeopardize continued delivery of quality comprehensive services to TRIO students. Therefore, I offer the following recommendation:

The Block Grant concept for TRIO should not be included in language of the Higher Education Reauthorization Act and every effort should be made to convince Secretary of Education Alexander existing management of pre-college programs need not be changed.

The Rebirth of the Access Crisis for Low-Income and Minority Persons

It is my assumption that some members of your committee believe that the issue of access to higher education programs for low-income and minority people is now resolved through twenty -five+ years of federal initiatives including TRIO and student financial aids programs. This assumption deserves a closer examination. I would like to suggest that low-income and minority persons in Minnesota are about to have the higher education door slammed shut on them, particularly if they have not had the advantage to receiving or taking advantage of quality academic preparation. The commitment to access and educational opportunity that characterized Minnesota higher education systems for so long is being discarded by higher education in favor of what we are calling excellence.

You are familiar, I know, with the Commitment to Focus initiative enacted by former president of the University of Minnesota, Dr. Ken Keller. In order to promote educational excellence at the University of Minnesota, Keller was influential in raising admissions requirements for the College of Liberal Arts and in threatening a phase-out of the institution's General College. Commitment to Focus, even in its modified form, represented a philosophical about face relevant to the meaning of educational opportunity for Minnesota's citizenry. The Minnesota State University System has modeled the Commitment to Focus philosophy in launching its Q-7 initiative. Under the Q-7 initiative, Minnesota State University System admission requirements are being revised to closely reflect those currently operable for the University of Minnesota's CLA. These new admissions requirements are scheduled for implementation beginning in 1995. If officially adopted, Minnesota's State Universities will shift from being inclusive to being exclusive institutions of learning. There is an assumption that potential students not meeting Q-7 admission requirements can enroll in one of Minnesota's community colleges yet I have heard it rumored that the community colleges are considering raising their admissions requirements as well.

TRIO programs have traditionally held a different view of the meaning of educational excellence than the apparent views of the Minnesota higher education systems. We have always believed that excellence in a program or an institution is best measured by how far you take the student who comes to you. It seems to me that students now admitted to CLA or to be admitted to Minnesota State Universities in 1995 will have little distance to travel in order to obtain their degrees.

But the debate about the meaning of excellence is hardly the issue. The issue is the development

of higher education system policies that will deny access to many of the kinds of students TRIO serves. At my own institution, I have had more program graduates denied admission in the past two years than in all previous years that our program has operated on the campus. All the population demographics we read about and see in our cities and towns ought to suggest to us that making higher education exclusive is at best ill-advised. If what is happening in Minnesota exemplifies national trends, we are on the brink of a self-inflicted national tragedy. The minds and talents of educational visionaries need to focus on ways that access and excellence can coexist, even compliment each other. In the meantime, TRIO will continue to be a strong and determined voice for equal educational opportunity.

Thank you again for the opportunity to appear before you today. I would be happy to answer any questions you might have.

Senator WELLSTONE. Barry, there are a lot of things that I've written down here that are important to me, but you were talking about several students that you've known from the past who have gone on and done some pretty marvelous work, who you don't think would be admitted now. I wasn't sure whether what you were driving at was because of financial conditions, or because of changes in—federal aid formulas and programs.

Mr. YOCOM. The reason I don't think they would be admitted is because at least in one student's case, the case of the student who is currently enrolled as an undergraduate, her academic preparedness levels were not sufficient to meet the admission requirements which are being proposed, and under the Q-7 initiative, she in fact would be denied access. Now, I guess there is no way to measure the fire in the gut, but she definitely has it, a commitment to go forward. Not only that, but traditional ways to measure her academic capability and so forth were obviously not adequate. I mean, if I look at her test scores as indicated, she shouldn't have graduated from high school.

Senator WELLSTONE. So what you're talking about is the formula which is a combination of GPA and the college——

Mr. YOCOM. Yes. And I don't know whether I want to propose this as an attachment in legislation, but I think that institutions that host TRIO programs ought to have some kind of sense of obligation to admit and support students who have come through those programs.

Senator WELLSTONE. It is interesting how so much of our own viewpoint comes from personal experience. When I went to the University of North Carolina, it was all I could do to get in, and I think it had more to do with wrestling than anything else. My advisor said that on the basis of my testing—and I have never been able to do well testing; I think it is really a disability problem that I have with sequential directions—they predicted that I wouldn't graduate. That was basically it. It does not take into account a person's determination. And in that same committee hearing you saw at one a.m., there were some pretty interesting exchanges, debate and discussion about proposals for national testing 4th, 8th and 12th grades—to just deviate for a moment, and I know I'm talking too much—but I have two concerns. One is whether it be called "voluntary" or not, I think it could become mandatory, and one is that in the absence of a Marshall Plan for young children, really changing the concerns and circumstances of their lives, I just feel like this is a technical fix, and you'll have a lot of young people who will just fail again. I don't see the tests really getting at what it is that's not working well.

The second thing is I have questions about testing and teaching for testing and more worksheets. I don't think the really creative teachers teach that way. And I have been a teacher, and I'm all for rigor, I'm all for some sort of evaluation, but I have very, very real concerns about this at the national level as a sort of reform in the right direction.

Well, let me go to some questions, and maybe we'll get back to this. First of all, Patty, I want to say to you that I heard three things loud and clear. One of them was not only Pell grant funding

has gone down, but work-study funding down. I heard that loud and clear, and I want to come back to that in a moment.

The second thing I heard loud and clear, which I think is an outrage—and I sat here quietly the whole time, and that is not easy for me to do—this whole business of counting financial aid as income and then subtracting from food stamps is an absolute outrage, and we should do everything and anything we can do in the Senate.

The third thing is if somebody is already, for example, AFDC, by definition low-income, why make that person jump through a million hoops to prove it once again? That is just degrading. Once again the assumption is that such a person is somehow trying to get away with something. That makes no sense at all.

These are changes that we can make that are not huge financial changes, but just simply enhance the dignity of a person. I know you were talking about that.

Now I have a couple of questions. One, could you give me some examples—and this is not just for me, but as a part of the formal record—and without using students' names—some personal examples of students that you know who have really been hurt by either the cutback in the Pell or your just not being able to award the work-study grants? Can you just recall some examples? I'd like to have that as part of the record.

Ms. HOLYCROSS. I guess I'm thinking of students who have come to my institution from out of State on occasion where they are going to be paying higher tuition because they are nonresident students, and they are very low-income students. The two I am thinking of came from inner city Chicago. I would say they came to my institution probably underprepared. We are an open admission, open access school as all community colleges are in Minnesota. Those particular students, because I did not have enough work funds for them, we have every limited SEOG funds, and they already had the maximum Pell Grant so they couldn't get any more Pell Grant than what I was giving them, both of those students had to take out a maximum amount of Stafford Loan. I did not think that was a good option for those students, at least on their initial entry. They came needing remedial attention the first couple of quarters, and having to take out a loan I think really is a disincentive for them to want to continue on in school because they see that as something that's going to add up, and every year they're going to have to have another Stafford Loan.

I think we are losing students who see down the road that they will have $10,000 or $20,000 worth of debt when they are done as a minimum for some students, when realistically, if we know they are going into the job market and are looking at fields like social work, human services, what they are going to have to pay in Stafford Loan payments when they are done is not reasonable for those types of students.

I think that is a real tragedy. Somewhere along the line, several years ago, probably in the early 1980's in the last administration, we decided that loan and putting people into debt was more important than encouraging people to work to help themselves go to school. I think that is a real mistake.

I don't see that the administration is committed to at least allowing students an option to work as part of putting themselves through school. We have a lot of students who would much rather do that than borrow, but that is not an alternative when the work-study program has not been funded adequately, and the present administration is looking at cutting funds out of the Federal work-study program. I don't think that's a good option.

Senator WELLSTONE. Do any of you want to add to Patty's point?

Mr. BEAULIEU. I'd like to add one point about the loan business. An increasing number of our students are in fact taking out loans, but there is another sort of caveat. Because many of our students stop or quit for a period of time, if they have a loan outstanding, then they sort of shut themselves off from every trying again because they have to pay that back before they can get involved again with higher education. So just given the pattern, the way in which our students are using this system, having to quit for a period of time, maybe getting low grades, and then wanting to try again later, they tend to get shut out.

Senator WELLSTONE. Wait a minute. Just on this specific point, David, because this is something I didn't understand—you are saying that if a student drops out of school for a while and has a loan outstanding that she or he cannot become eligible for any additional assistance until that loan is paid off?

Mr. BEAULIEU. Well, once they get into a default situation because they have dropped out, and because they are low-income to begin with, they are not able to cover the cost of that loan; they may have had family issues or problems come up that have caused them to drop out. So if they sit there and that loan goes into default, they can't get back into higher education until that is paid off.

Ms. HOLYCROSS. I think that is a point for again looking at grants and work as being more appropriate, at least in the initial stage of students' postsecondary education. I think you want to have student establish a track record and be really committed to continue, having taken care of maybe some family problems or whatever might have come up at the beginning, before you force them into a situation where they are borrowing.

Senator WELLSTONE. Your point, Patty, is that it is actually all too predictable; that if you really severely restrict the grant part, and then you pile up the loan part—and a lot of those loans are not even below-interest loans——

Ms. HOLYCROSS. Right.

Senator WELLSTONE [continuing]. Stafford is, but a lot of the loans that students have to rely on, I take it, are——

Ms. HOLYCROSS. Higher interest.

Senator WELLSTONE. Then, given the backgrounds of such students, and unfortunately—sometimes I think we are forgetting about recession, and people are not focusing on the job opportunity structure in this country which is fairly restricted right now—it becomes all too predictable that a lot of students are not going to be able to pay back.

Let me ask a question of all of you, and I also want to talk to Sha about dislocated workers. Over and over again, child care has come up. Barry talked a lot about that, and everybody has. Do you

have any specific recommendations as to how we can meet the child care needs of nontraditional students? I mean, what kind of programs, on the basis of what you've seen, do you think would make the most sense? We know there is a funding implication—that's obvious. But what kind of programs work best, as you've seen it, for those students? [Pause.]

Everybody is looking at everybody else.

Mr. YOCOM. That's really a hard one to answer. In northern Minnesota—and I would guess this is probably true in the urban areas, also—we have a problem with the amount of child care that is available, and we have a problem with the cost, and sometimes with students of color, we have a problem with how the child care situation is managed, and they can become reluctant to put their children in certain child care places.

I don't know very much about how child care is funded in this country. If there is some way there can be some incentive for more child care——

Senator WELLSTONE. Do we have programs at the school? Are a lot of the programs run right there, on site?

Ms. HOLYCROSS. As far as child care facilities, more schools have them now than had them in the past, but that doesn't mean they are free. I think it is not a good assumption to assume that that's the case, because I don't think it is.

Minnesota has a program that is targeted at non-AFDC students for child care funding which provides funds to the schools to administer, but there is only $2 million for the whole State, for all the postsecondary institutions, so it doesn't even cover a fraction of the students who need the funding.

I think there are some options that could be considered. The Federal Government in partnership with the State has allowed funding for AFDC students for child care, but as I said, there is not enough money to at least allow everybody who is on AFDC to receive that; they are ending up targeting it. So I think it is an issue of funding. It could be done for AFDC clients through the social service agency, or it could be a direct allocation to the schools to either establish child care centers or to the schools to administer funds to help with child care.

So I think there are a number of ways it can be done. It hasn't been done very well to this point.

Senator WELLSTONE. I just want to point out that sometimes I think what happens to AFDC mothers is really unfortunate because when you have a program like this targeted at AFDC mothers, and then you have other students who aren't AFDC, a little bit above, not eligible at all, what happens is the other students are angry because they see themselves really having to struggle, and they aren't eligible for anything. It is really very unfortunate the way it works, and a marriage that could be made in heaven in my not so humble opinion is that first of all we would make the decision in our country that if you wanted to devote your professional work life to working with children, young age children, developmental child care, that would be a good job at a decent wage—but it's not. The average is $5.50 an hour. We could have programs at our colleges where young people who want to go into this field could be interning and learning by being involved in really good

developmental child care programs right there on the campus, with other professionals, with students in turn not worrying about where their children were. But we don't do that. The marriage is just there to have that.

Sha, let me ask you how are dislocated workers affected by the formula for figuring out Federal aid for higher education. Are there some problems there? We're talking about older people going back, and some of them hopefully have their homes, haven't lost their homes. Is there a problem with assets and how it's all figured out as to who gets Pell Grants and who doesn't?

Ms. LEAHEY. Yes, and we haven't figured that out yet in all honesty. I think for the most part you have to keep in mind that with the decision to retrain, be it at a technical college level, community college, or 4-year university, the dislocated workers are looking to also work, and many of them are starting school at 7:30 or 8 a.m., finish at 2:30, and work a second shift full-time in order to support their families. And this is after selling their home. They may not have lost their home in a foreclosure proceeding, but they have sold their home and downscaled their living standards. They are angered by the process for applying for grants or any type of financial assistance. They feel that checking "yes" to the box that asks "Are you a dislocated worker?" does not really reap them any benefit whatsoever. For the most part, when they have been denied it has been on the basis that your preceding year's income is too high to qualify you for assistance, and at this time they have no assistance. Their unemployment will run for 6 months, and in most cases we are finding that 6 months is not long enough to find a job during this time period. So they are highly frustrated with that. If they have any equity in their home whatsoever for the most part, of if they have sold their home, it has gone to cover other bills so that they can pretty much be debt-free at this particular time while they are seeking to keep their family together and retrain.

I might also add that I think the decision to train on many of these dislocated workers' part has a strong implication on the family that is still intact. It is no longer a matter of educating the children as it is now of also educating the parent, and together they have joined hands around the table, so to speak, in looking at educational opportunities. Certainly, I think it is a strengthening factor for the American family and education.

Senator WELLSTONE. Somebody said—I think it might have been Barry—that we ought to try to look at the connection between education not as K through 12, but education, job training, job creation, and support for family, and that it all ought to be viewed as a package. And all the people who care about those issues ought to figure out their strategies and their policies and be in coalition. The majority of people in this country are affected by that interconnection, and I think you are absolutely right, and the more I hear you all speak, the more strongly I feel about it.

David, just one quick question. One thousand students have been turned away—that figure stays in my head. So what should I be doing? What do you think I should be doing as a Senator from Minnesota to try to make a difference here? I mean, what do we need to do at the Federal level?

Mr. BEAULIEU. Because our program builds a financial aid package for Indian students which is like a train, we are required by Federal regulations and State regulations to apply our moneys after all other sources have been applied to the student's need. Anything that increases the amount of aid for our students up front, whether it is Pell Grant or any of the other sources, indeed even work-study and so forth, would be useful because then there is less of the unmet need at the end that we need to come up with.

The other, of course, is that we work in collaboration with the Federal Tribal Scholarship programs. Minnesota provides $1.6 million, and the Federal tribal effort is $1.4 million, which is less than the State effort. We now provide 60 percent of the unmet need, and the Federal tribal effort is only 40 percent. Anything to increase Federal Tribal Scholarship dollars for Indian students would be of significant help in that area.

So we build financial aid packages kind of like in a train. One of the advantages we have with the State Indian Scholarship program is that we can uniquely look at the Indian student's need. The definition of need as is traditionally applied to Indian students often doesn't come up with the student's real need, and then we come in at the end to more tailor-make that definition to meet the student's need. We have a State Indian Scholarship program that uniquely looks at each student's personal case. So making the definition of need better fit the students we have today would be important; increasing any of the sources that are up front would be helpful as well.

Senator WELLSTONE. This is so frustrating. We are running out of time, and I could ask 20 more questions of each of you. I just want to ask Barry—and it feels right to me to end this panel this way—I would just like you to, if you don't mind, take a little bit of time to spell out a few of the success stories with the Upward Bound program, because I know you have had many. I'd like to hear that at the end of this. You have been with this a while, and it is obvious when I hear you that you have tremendous passion for your work. Could you just spell out a couple of examples, and then we'll end.

Mr. YOCOM. Well, I've been with it long enough that I've gotten old in the job, I'd have to say that. Certainly one of the success stories that I mentioned was the student who is the adjunct professor of political science at our institution.

Senator WELLSTONE. I liked that—the political science part.

Mr. YOCOM. When she came to Upward Bound she was in foster care and had a family situation that was pretty rough, as is typical of a lot of the students that we work with. But she was obviously a very intelligent young lady. In a year, we put her in the Better Chance program through Dartmouth. She was out East for a year, and she came back. Then she was in school and out of school, and in school and out of school, a pattern that has been described. It took a long time. She became a single parent, and when she went to the University of Wisconsin Law School, she was a single parent at that point in time, and ultimately very successfully completed her juris doctorate and came back, and of course, passed her bars the first time around.

The student I mentioned who had the 4.0 and who probably wouldn't be admitted to BSU today, that is a success story also.

She was also in foster care when she came to Upward Bound in those early years. I lost track of her, to be honest with you, for a long time. It was a year ago that she reappeared on the campus. She had experienced a lot of things in the interim years—a lot of personal growth, a lot of struggles, a lot of victories. She has three children, one of whom she took in that a friend gave her who couldn't take care of his child. She has gone on, receives AFDC—like the stories people have told of being penalized on food stamps and so forth—and yet her overall grade point average now at BSU is about 3.7, 3.8.

Senator WELLSTONE. I wanted to hear about those.

Mr. YOCOM. Yes, there are lots of stories.

Senator WELLSTONE. I'm sure there are many; those are two powerful ones.

I'd like to thank the panel. It was great testimony. Thank you very much. [Applause.]

Let me introduce the student panel, and if I do not pronounce your names right, I apologize.

Yvonne Harvey is a student at the University of Wisconsin, Superior; Marc Peterson is a student at Fond du Lac Community College; Paul Dosch is a student at Moorhead State University, and Marilyn Reinke is a student at Duluth Technical College.

Let me thank everyone, and I do want to mention that Paul Dosch drove her from Moorhead and got here at 2:30 a.m., so that tells you something about his commitment.

Yvonne, if it's all right, we'll start with you.

STATEMENTS OF YVONNE HARVEY, STUDENT, UNIVERSITY OF WISCONSIN, SUPERIOR; MARC PETERSON, STUDENT, FOND DU LAC COMMUNITY COLLEGE; AND PAUL DOSCH, STUDENT, MOORHEAD STATE UNIVERSITY, ON BEHALF OF MINNESOTA STATE STUDENT ASSOCIATION

Ms. HARVEY. I am Yvonne Harvey. Even though, as you said, I am a student at the University of Wisconsin in Superior, I am a Minnesota resident.

After the testimony I heard earlier, I don't have it in my written testimony here, but I do want to say why I went to that school. When I went back to school, I was afraid of finances, and I didn't know how much financial aid it would receive, and they had the lowest tuition of all the colleges in this area. So that was my main reason for going to Wisconsin. I'm not sorry I did it, but that was the main reason for doing it.

Shall I just read my testimony?

Senator WELLSTONE. Whatever you are most comfortable with is fine. I really thank you for being here.

Ms. HARVEY. When I was high school in the early Sixties, the opportunities such as grants and student loans were not there for higher education for children of the working class, especially girls. I was brought up in a small town in Iowa, and the only exposure I had to colleges at that time was a small, private college in my own. This college was attended by, let us say, the very well-to-do students.

Therefore, my first perception was that I had no chance of ever attending college. I received no direction, encouragement or support from my teachers, guidance counselors, or even my parents, although I was one of the top students in my class. So I did what my parents and society had taught me was my lot in life: I dropped out of high school in the 10th grade, and I got married.

In 1987, five children, two marriages, a G.E.D., and a job-related permanent partial disability later, and after much encouragement and support from my friends, I made the decision to go back to school, to go to college.

I had wanted to go back to school many times over the years, but fear of being able to afford it kept me from it. So I continued to work at a bare existence level wage as a nursing assistant to stay off the welfare system. After several work-related injuries and reinjuries to my neck and shoulder, my job security became threatened. Thus I made one of the hardest decisions of my life—I went from full-time to part-time at my job and applied at the University of Superior for acceptance. Several months later, I reinjured again, and this time the workers' compensation provider listened to my doctor's recommendation of not returning me to that type of work.

The next academic year, workers' compensation even helped with my tuition, relieving the necessity of a student loans. The final result was that I received my bachelor's degree in labor relations in December of 1990, magna cum laude. I could not have even considered going to college if it were not for the Pell Grant, Stafford Loan, and my weekly workers' compensation check, on top of school expenses, as a single parent—I still had two children at home to support and bills to pay. By receiving student financial aid, I was able to maintain a lifestyle almost comparable to the one before entering college.

At the university I attend, over one-third of the students are nontraditional. Many are single parents who, like me, did not have the opportunity of a college education in their youth. In our economy today, where it takes two incomes to survive at a comfortable level, a single parent with little education is at a real disadvantage. With one out of two marriages ending in divorce, the problem escalates. Financial aid programs assist those individuals to become productive participants in the job market and keep them off the welfare rolls.

Two of my children have entered college after seeing me successfully manage expenses and my sanity. My daughter is also a single parent receiving AFDC. She entered the University of Wisconsin in January of 1989. With the assistance of a Pell Grant and Stafford Loan, she was able to stay in school until recently. Babysitting problems, the affordability and reliability, arose which caused her to drop out of school for the rest of this year. However, she plans to return with the assistance of financial aid in the fall semester when her son enters the first grade.

My son Mark had stayed in a minimum wage job, believing he could never attend college because of the high cost of higher education. At 24 years old, after much encouragement, he finally listened to his mother. He is finishing up his first year at UWS with the help of Pell Grants, Stafford Loans, and a stipend from the Air National Guard—and yes, as I heard earlier, he does sell his blood

when he runs short of money. He is planning on going all the way for his doctorate in art education. Mark is fortunate; he is Hispanic. There are grants and opportunities at this time for minorities for graduate school.

The problems I am facing today are much different. Upon graduating last December, I found most employers want three or 4 years' experience or a master's degree. I felt at my age I needed the master's degree. Therefore I am now pursuing a master's degree in communications/speech at UWS. The only financial aid available to me in this program is Stafford Loan and work-study, which consists of approximately $90 per week. Although I am grateful for them, it is hard to pay tuition, buy books and live on the amount received. I believe this causes a real disparity for students with family responsibilities versus single students. I did get some financial assistance and scholarship offers from other universities to enter their graduate programs, but with my family responsibilities was unable to pursue them.

When I finish my master's degree, I will be over $20,000 in debt.

I believe the citizens of the United States are its most valuable resource, and this resource should be cultivated to produce the highest quality of U.S. citizens possible. I believe education is a right, and our government has an obligation to guarantee that every citizen is educated to the fullest of his or her ability.

Thank you. [Applause.]

Senator WELLSTONE. Ms. Harvey, there will be plenty of opportunity for questions, but I would just like to say one thing to you. I am grateful to you for being here, and I am really glad that your testimony will be part of the formal record, really pleased.

Ms. HARVEY. Thank you.

Senator WELLSTONE. Mr. Peterson.

Mr. PETERSON. Thank you, Senator Wellstone.

Dear committee members, I sit before you today to give testimony on the subject of higher education and financial aid and what this means to me. Please before I begin, let me tell you who I am.

My name is Marc Lewis Peterson. I was born in Minneapolis and lived there for 13 years before my family moved up north to the Duluth-Cloquet area. I did not graduate from high school, but I did obtain my G.E.D. Later, I entered a vocational training program at Fond du Lac Reservation through Staples Technical Institute for carpentry training and on-the-job-type schooling. I did graduate from this program but was in a severe car accident, and on the advice of several doctors who stated that I was no longer suitable to do manual-type labor for any length of time but instead should seek some kind of administrative-type job or related field. After a few years of wrestling with this problem, I decided to return to school.

I started at Fond du Lac Community College and will graduate in spring quarter of 1992. Then I hope to transfer to St. Scholastica.

I cannot seek employment help because I have no useful or related job skills for this kind of work. The main reason why I am in school is to seek such skills. At Fond du Lac Community College, I have received Pell Grants and Title VII Scholarship moneys to further my education. I could not have done so without it.

So dear members, this is what I am here to testify on. Being a minority without the means to seek an education is a waste of intelligence and of time better spent productively. This is one of my personal goals—not only to be a productive member in this society, but to be a positive role model for other minority people as well, not just my own people. By being this example, it can be shown that there is a chance for them so they can return or further their education—but not if financial aid is cut, or standards for aid are changed and bases are lowered.

On the Fond du Lac campus, I am a part of the Student Senate. I also hear about other schools as well. I am proud to say that I belong to a group of concerned students who represent about 54,000 Minnesotans who are also concerned about financial aid and its impact on their individual levels—and not just financial aid, but also child care and food stamps as well.

I think that this country has fallen far too far behind in education already. Please don't let us fall too far behind. We need to be allowed to catch up. What makes this country so great is the people. Educate them, and there is no telling how far we can go or do. Think: You might be giving the next Einstein the chance for an education.

We students on the community college level have been hit hard with cuts by the State. We do not need more cuts. It is hard enough already with studying and academic homework, without having to worry if we are going to even be there at all.

Let me finish by telling you what it is I would like to see out of all this: A better education, and the chance to seek an education for all people of America. Personally, I would like to finish college, get my master's degree in business management and a minor in computer information systems.

I would like to thank you for listening and thank you for taking the time to hear what I have to say. And if I may, I have letters from other concerned students that I would like to present to you at this time so they may also go in the record.

Senator WELLSTONE. That would be fine. Mr. Peterson, you have been an eloquent voice for community college students today.

Mr. PETERSON. Thank you. I'd like to also State, too, on behalf of the Minnesota Community College Student Systems, we would like to thank you personally for your positive role in this issue and your concern for the students of this State and the Nation as well.

Senator WELLSTONE. Thank you. That makes me feel good. [Applause.]

And now, all the way from Moorhead, through the May 5 blizzard, Mr. Dosch. [Applause.]

Mr. DOSCH. Thank you. Senator Wellstone, also for the record I want to State that I am also vice chair of the Minnesota State University Student Association, and that is who I am here representing as well as Moorhead State University.

First off, I want to thank you for your continued commitment to coming out into the State to visit with your constituents, and I want to tell you how impressed I am with that. Thank you very much.

As you mentioned earlier, we have met before at Moorhead State, and if you remember, if you give me the chance, I'll talk

your ear off, so if you just want to give me a signal when my time is up.

Senator WELLSTONE. Hey, I've been wanting to use this gavel here. All right, maybe I'll get the chance. [Laughter.]

Mr. DOSCH. First, I have two things that I want to mention which are personal concerns of mine and that I know you are concerned about, and then I want to mention a couple things that the State University Student Association has taken a stance on.

First, I'm a North Dakota resident, and I'm not sure if you are aware, but I understand there are more millionaires in the State of North Dakota per capita than any other State in the Nation, and I think you might already know what I'm about to get at, which is how assets are figured on the financial aid form—I know you are concerned about that—nonliquid assets. There are a lot of very wealthy people, millionaires, who are living on the verge of poverty, and you can understand what I'm saying; when they need to put down their assets on paper, they are nonliquid, and if they did sell, then they would basically be out of their livelihood.

Senator WELLSTONE. Farmers, for those of you who are wondering who they are.

Mr. DOSCH. That needs to be addressed. They don't have the same need as a single mother of four who wants to get off the welfare program and wants to become a productive citizen, but there is a definite need there, and a lot of those individuals have a great deal of trouble getting financial aid.

This case is a classic example of my belief that the government should have broad policies and then allow for discretion through the expert financial aid administrators to use their professional judgment and look at these individuals on a case-by-case basis. Congress should not be trying to legislative every unique dimension of society.

I also want to mention that there are a lot of individuals out there who are capable of cheating on financial aid. The way this works, Senator, is students who actually do have money, when they are younger their parents won't claim them—and it happens a lot; you can talk to any financial aid administrator—their parents won't claim them and will deposit $4,000 needed for the independent status into their account and say that they got it from grandma for mowing lawns or whatever, and that way they are able to claim independent status, when the people who actually need it and don't have the resources to play those kinds of games are the ones who are suffering.

I have entered for the record a policy statement on the reauthorization act which has been written by the State Student Association. It has been endorsed also by many other student associations, some of which are from Illinois, Iowa, Kansas, Michigan, Missouri, Nebraska, and several others.

The first item I want to address there is that the State Student Association endorses separation of proprietary schools from traditional 4-year institutions in financial aid areas. We believe that those institutions have a great value and a definition mission and that they are very legitimate, but as you know and as we have discussed previously, there are a lot of problems with consumer protection in those areas whereby very low-income students are suck-

ered into signing into these institutions, they sign up for the loans, and when they graduate they don't have the training that they expected or that they need; they can't get a job, and then they feel no obligation to repay the loans. It reflects poorly on students and makes our default rates across the board far too high.

The second item I want to address is national community service. The State Student Association endorses any national community service program to pay off student loans or to work to go to college, as long as those programs are noncompulsory whereby very low-income students aren't forced into this program while others are allowed to go right through.

A third item I want to discuss is applying for the financial aid. This has been discussed earlier, but I might have a little different perspective. The form is too long, Senator. It needs to be more user-friendly, and it needs to be free. It just seems quite ridiculous that students need to pay a minimum of a $7 fee to apply for free money. It is like asking people to pay to apply for welfare or other social programs.

I honestly believe that low-income individuals—a lot of the students in our system are first-generation college students; their parents either graduated from high school or maybe didn't graduate from high school. They get this eight-page form with a $7 fee, and they decided, well, I just don't think I'm going to fill that out, I can't handle it, it is too much money. So we are alienating the people who really need that financial aid the most.

The last thing I wanted to discuss, which has been touched on before as well, is the relationship between the graduation rate and the amount of work that students are doing while they are in school. Currently, only 20 percent of State university students graduate in 4 years. The reason that that is, Senator, is because they are working far too much, and because of that they are having to drop classes. Myself, besides the two student government positions that I have, I work about 15 hours a week on campus, and any free hour that I have, I try to go in also to make my $4.50, which I can't get by without.

There are a lot of individuals who don't work, and there are a lot of individuals who work more than 40 hours per week; I know people who have three jobs. It would be very interesting to see the statistical relationship between the number of jobs students have and how long it is taking them to graduate, because I think in the end the taxpayers are going to wind up paying for it anyway; when they cut financial aid now for students to work, it is just going to take them longer to graduate.

In sum, I want to reiterate a point that you made earlier, that education is an investment and not an expense, that education is a matter of national security. It's too bad that students don't vote enough, Senator. I think that is one of the reasons why we are getting nailed so hard is because politicians are too shortsighted in looking for reelection and in appeasing the people who vote and not looking toward the future of our country.

Thank you. [Applause.]

Senator WELLSTONE. Thank you.

[The prepared statement of Mr. Dosch follows:]

42-925 O—91——20

PREPARED STATEMENT OF MR. DOSCH

Reauthorization of the Higher Education Act of 1965

Policy Statement

I. **Student Aid**

A. **Applying for Student Aid**

1) **Application Process**

It is clear the process of applying for federal financial aid is very complex and confusing. The current financial aid application delivery system should be restructured in order to make it "user friendly." The main goals of the application process should be fairness and encouragement of access to higher education.

For example, first generation college students could have problems because their parents do not have experience in completing complex applications. A more simple process would encourage more low-income students to apply.

2) **Application Form**

A single form that can be used by all post-secondary students applying for federal aid should be required by Congress. Differences in forms should be carefully studied and standardized but not at the expense of quality. Student representatives as well as parents and other interested groups should be involved in helping higher education officials develop the application form.

The process of reapplication should also be reviewed. It is clear that a shorter, supplemental form could be used for students who are reapplying for financial assistance. This streamlining could cut down on paper work, avoid duplication, and maximize the limited resources at every level of the student aid process.

3) **Cost of Application**

The free, common application form for federal student aid should become a reality immediately. The processing of the forms should be free to all students as well as institutions to ensure fairness. The U.S. Department of Education should take a leadership role on this important issue and work with Congress and the Advisory Committee on Student Financial Assistance. Congress should also safeguard the process so that a free form is not a reason to increase costs to students in other areas.

B. Subcommittee On Need Analysis and Delivery System (SONADS)

The Advisory Committee on Student Financial Assistance created this subcommittee to review these important but complex areas of need analysis and the delivery system for financial aid. The key priorities identified by the committee should be supported, and all constituency groups in higher education should work toward implementing them in a fair manner. The key priorities include:

1) dramatic simplification for the lowest-income families (e.g., AFDC families) and investigation of increasing the income cap for simplified need analysis;

2) thorough examination of the annual reapplication process to identify technological or programmatic means for simplifying and streamlining; and

3) assurance that simplification will neither harm nor be harmed by state and institutional information requirements connected with campus-based student aid or external social service programs.

C. Low-income Families

Very often, non-traditional populations have had problems interacting with a large bureaucracy. Efforts should be made to make the system "user friendly" and to help people who have problems understanding the process. Families below a certain income level should be exempted from need analysis. This would help encourage low-income, minority, and disadvantaged populations to attend post-secondary institutions. We believe alternatives should be considered for families with an annual income below $20,000.

D. Independent Student Status

It is clear the current definition of an independent student is not realistic. Criteria for professional judgment by student aid administrators should be defined clearly to prevent abuse and protect both students and financial aid administrators. Independent student status should be reverted to a similar standard that was used prior to 1986. This would change the requirement from 24 years of age or two years of financial independence to two years of financial independence. We encourage liberalized independent status requirements.

E. Cost of Attendance Calculation

Congress should work to create a uniform Cost of Attendance Calculation for all Title IV programs. This would limit confusion and consider education costs that often differ depending on individual student needs and the institutions they attend. Congress should create one need analysis for all Title IV programs. This would eliminate unnecessary paper work and save resources at every level of the process.

F. **Tuition**

Congress should be on record as supporting low tuition to encourage access to higher education. Efforts should be made to limit the impact of tuition increases on student aid. The current system recognizes the cost of attendance and rewards institutions for increasing tuition dramatically. This system subsidizes students at high-cost schools when these students are often the least needy in a realistic sense. However, the current financial aid formula characterizes them as "needy" because of the high cost of tuition.

G. **TRIO**

Talent Search, Educational Opportunity Centers, and Upward Bound are programs that help at-risk students from disadvantaged backgrounds. Resources should be increased for programs like these that increase student retention. This will help insure that students will come from a variety of culturally diverse backgrounds.

H. **Federal Loans**

It is extremely important that Congress reverse the trend of more student loans and fewer grants. Currently, the majority of federal student funding is in the form of loans. This trend is creating a large debt burden for most students. Congress should encourage a minimum amount of borrowing and increase funding for grants, particularly in the Pell Grant Program. Also, the maximum Pell Grant should be increased significantly, especially to students in their first and second years of higher education.

Fair student default legislation should be considered within reauthorization. Counseling required by federal law and administered by school financial aid administrators has had a positive effect on defaults. Methods of distorting default figures must be eliminated. Students should be given a fair chance to eliminate default problems with payment schedules that reflect their current economic status.

While the rate of student loan defaults has been relatively constant, the volume of defaults has soared because student borrowing has soared. As the only entitlement among federal student aid programs, Stafford Loans have been students' only viable means to meet dramatically rising costs of attendance. Although re-establishing the balance between loan and grant aid is the most effective long-term solution to student defaults, fair default reduction measures should be considered within reauthorization.

I. **Pell Grants**

Pell Grants must become an Entitlement Program. This would increase access to higher education and reverse the trend of low post-secondary attendance by low income individuals. Full funding of the Pell Grant program by the federal government would be a strong investment in our economy that will pay for itself in increased revenues and productivity. This should begin immediately by making it an entitlement program for first- and second-year students.

J. **Self-help**

Students from middle-income families should be given greater access to loan and work-study programs. The Stafford Loan program should be expanded to include more middle-income families, while the Perkins Loan program should be expanded as an option for lower-income loan recipients. Overall, the goal should be to provide fixed-rate, subsidized loans to students who can begin loan payments nine months after graduation. The federal government, financial aid offices, and other appropriate agencies should publicize deferral options and simplify the process for obtaining deferrals.

We oppose the following two positions of the National Association of Student Financial Aid Administrators (NASFAA) from the document, Preliminary Recommendations from NASFAA's Task Force on Reauthorization:

- **#21.** Require co-signers for all undergraduate Stafford Loans.

- **#24.** After the applicable grace period, establish a 9 percent interest rate for four years, after which loans would revert to the market rate of interest (91 Day T-Bill rate plus 3.25 percent). If the market rate goes below 9 percent, the interest rate would remain the same and the surplus would go to help offset default costs.

We approve of the five positions below:

- **#20.** Continue loan ineligibility for less than half-time students.

- **#22.** Create an incentive for employers to repay student loans on behalf of their employees.

- **#26.** Increase annual Stafford Loan maximum to $4,000 for first- and second-year students, $6,000 for third-and fourth-year students with an undergraduate aggregate maximum of $26,000. Increase annual graduate maximum to $10,000 with a graduate aggregate maximum of $50,000. The total Stafford Loan aggregate maximum would be $76,000.

- **#27. a.** Simplify deferment provisions by establishing three deferment categories, those being:
  1) an in-school deferment for full- and part-time attendance (presumes elimination of parental deferment for dependent students);
  2) an unemployment deferment for up to two years; and
  3) a temporary total disability deferment for up to three years.

- **#27. b.** Rescind the current requirement that a student enrolled on a half-time basis must borrow again in order to obtain a deferment.

K. Community Service

Loan forgiveness and/or deferral for national service should be revived for the nation's well-being. Undergraduate and graduate students who make sacrifices to help society should not be discouraged by a large debt burden. However, mandatory community service should never be a prerequisite for federal aid as it would discriminate against low-income Americans and those who cannot afford to volunteer their time. Community service should be strongly encouraged to benefit students and communities.

L. Support for Graduate Education

The federal government should increase grants to graduate students. Graduate enrollment has declined significantly in recent years. This trend must be reversed. More minorities and women should be encouraged to further their studies beyond a baccalaureate degree, particularly in areas in which they are historically under-represented.

Additionally, increasing loan limits in the Stafford Loan Program for graduate students would be beneficial. This would keep the cost of borrowing reasonable, and keep debt at a manageable level because students would not be forced to secure high-interest bank loans when funds are depleted. Increasing the deferment period should also help students who cannot afford loan payments during training periods in certain careers.

M. Veterans Educational Outreach Programs

Although this program is poorly funded, it has been beneficial to many students. The small amount of funding often deters institutions from participating in the program. Increased funding to programs should encourage participation from new institutions and institutions that have small numbers of participating veteran students.

N. Income Contingent Loan (ICL)

In an effort to maximize loan dollars available for programs most beneficial to students, ICLs should be discontinued as one of the federal loan programs. ICLs result in increased borrowing costs for students because interest accumulates significantly over the duration of loan repayment. In addition, ICLs create a tremendous amount of administrative work for both institutions and the government.

O. **Proprietary Institutions**

Profit-making institutions have significantly increased their share of student aid dollars. The share of student aid dollars to traditional universities and colleges has decreased significantly while enrollments have increased in recent years. Separate student aid programs for profit-making institutions and traditional colleges need to be implemented after proper study and input from all groups. This would allow a fair, equitable distribution of the limited student aid dollars. Because profit-making proprietary institutions offer programs of instruction without regulatory or formal accreditation processes, the potential exists in this program for abuse of both federal aid programs and requirements for student recipients. Efforts must be made to introduce consumer-protection measures to assure quality and integrity at profit-making proprietary institutions.

P. **College Work Study**

Students who use the work-study program should be able to continue to use their funding to work in non-profit organizations. All work-study students should be paid the federal minimum wage or more and should be exempt from a training wage. Work-study eligibility awards should reflect the amount of net federal work-study funds a student may earn rather than gross wages. No further decreases should take place in the federal share provided under this program, and increasing the governments share back to 80 percent should be considered.

Q. **Promotion of Student Aid**

The purpose of federal financial aid programs is to improve access to higher education for low-income students. It is strongly encouraged that the federal government should advertise federal financial aid (Pell Grants, Stafford Loans, college work study, etc.) as an option aside from military service (GI Bill programs) for low-income students in an attempt to subsidize their education.

II. **Libraries - Title II**

Funding is needed to improve and maintain library collections. Students who attend under-funded institutions suffer because of the condition of library collections. Congress should encourage institutions to share library resources to better serve students and the community. Better libraries would also help improve graduate education where libraries play a critical role in program quality.

III. **Institutional Aid - Title III**

The funding formula should be changed to include smaller, historically African-American colleges and universities that are unable to get larger increases in grants when appropriations increase. Aid to these institutions is critical because smaller institutions often have greater financial pressures.

IV. Facilities - Title VII

Many campuses have critical infrastructure needs. Levels of funding should be increased to meet these needs and provide quality buildings and facilities for institutions and students. Renovations involving health, safety, and physical accessibility issues should be given priority. The time limit between loans should be reduced from 10 years to five years for colleges and universities. This would give institutions with critical space needs the resources they need to respond to student demands.

V. Teacher Education - Title V

Better funding and coordination should be provided for this collection of five, related but disjointed teacher education programs. Currently, the appropriation is about one-third of the authorization in Fiscal Year 1989. Increases will help teachers and administrators at a time when professional development and training are in great demand. A new program should be considered to help encourage minority teacher recruitment. It is further recommended that Congress investigate the possibility of creating a teachers' corps program in which federal funds can be used by states to encourage post-baccalaureate students to teach in at-risk schools. This could serve as a possible avenue for loan repayment.

VI. Fund for the Improvement of Post-Secondary Education (FIPSE)

Studying higher education is an important function and should be encouraged through agencies like FIPSE. Continued development of FIPSE and increases in grants available to study important issues in post-secondary education is encouraged. Congress should involve students in decision making at all levels and encourage student organizations to develop proposals for funding by FIPSE.

VII. Outreach Efforts

Outreach efforts which will address retention of students at an early age (before high school) and prepare a diverse work force must be developed. When creating outreach programs, Congress should encourage the following:

1) create incentives to train and educate a diverse work force through grants to education agencies and institutions;

2) increase the number of qualified teachers through scholarships and loan forgiveness with funding directed to minority and low-income students and institutions;

3) utilize the talents of college students when helping at-risk students; and

4) develop funding for academic partnership programs between post-secondary and K-12 institutions.

A Consortium of State Student Associations

Arizona Students' Association

Colorado Student Association

Illinois Student Association

United Students of Iowa

Associated Students of Kansas

Michigan Collegiate Coalition

Minnesota State University Student Association

Associated Students of the University of Missouri

Nebraska State Student Association

Washington Student Lobby

United Council of the
University of Wisconsin Student Governments

Major campuses participating but not represented by state organizations:

Indiana State University Student Government Association

Northwest Missouri State University Student Association

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_____ _____, 1991

The following college/university or organization endorses all or part of the January 1991 Policy Statement on the Reauthorization of the Higher Education Act of 1965 prepared by a consortium of state student associations.

Please print or type.

_____
name organization/college/university

_____
address

_____
city state zip code

_____
phone

_____
signature

Send to:

The Minnesota State University Student Association
108 Como Avenue
St. Paul, MN 55103

Senator WELLSTONE. I was really remiss in not mentioning that Mr. Dosch was vice chair of the Minnesota State University Student Association, and I apologize to you, Paul, that you had to mention that for the record. I know you came up here to present that testimony, and again I thank you for coming all the way from Moorhead. When we met in Moorhead that evening, I said to the students and to teachers and others that after having some of the hearings, when we start putting things into legislative form, we'll get back to you; we want to make sure that you take a look at them. Thank you very much.

We'll take about 10 minutes for questions now, and then we'll take about a 15–20 minute break. There are 25 people who have signed up for open mike for statements, and I definitely want to get to that. So we'll go through questions now, take about a 15-minute break, and then come back.

I have a couple of questions. Yvonne, one thing you focused on today that we had really not focused on until you spoke was the graduate education part of it. You were a nurse at one point in time, and you went back to school. You said that you took a look at the job market, and you felt that really a graduate degree was necessary for you. I want to ask you the question—and I may already know the answer, but I think it is important to have this on the record, and I think you can probably amplify this for me—what do you see the Federal role being with graduate education? Do you believe that when we talk about Pell Grants and whatnot that we ought to put more focus on graduate education because graduate degrees have become really essential to women and men being able to become gainfully employed; what is the point that you are really trying to focus on here?

Ms. HARVEY. Well, mainly that. I believe there should be more grant programs out there. Right now, like I said, there are some grant programs for minorities. Some universities will pay your tuition because they want you. But if you don't have the opportunity to go—for instance, I had a child—I even had an offer from Cornell University, but I couldn't afford to live there with a child. I could afford to live there maybe as a single person, in a door, with certain things being paid—and I think it's great that they have them. But as a responsible parent, I need more help.

Senator WELLSTONE. So you are saying that, for example, you might have considered going on to graduate work at Cornell University—you were accepted, but to be accepted without having the financial resources is to not really be accepted.

Ms. HARVEY. Yes. They gave me some financial offers, more than what I'm getting at UWS, but at UWS I can afford to live where I am living now, where I couldn't afford it in one of the bigger towns where these other universities are located.

I really think there should be more grant programs, and more consideration of situations. Not everybody is a minority, but they still have problems.

Senator WELLSTONE. Yes, that's come up a couple of times. I have noticed that several times you have mentioned that just around you, you have noticed that minorities have had a variety of different scholarships—and Mr. Peterson has testified today—and I don't

think you mean in any way, shape or form to argue that that shouldn't be the case; I know you don't——

Ms. HARVEY. Oh, absolutely not, no.

Senator WELLSTONE [continuing]. But it is interesting, because that is quite often unfortunately the way it works. You take a look around you, students who are also struggling, and it becomes a question that there is something for some people in this group or that group, or for an AFDC mother, but someone a little bit above that is ineligible. I think it is probably pretty difficult——

Ms. HARVEY. I believe education is a right, and the government has an obligation to guarantee that every citizen is educated to the fullest of his or her ability. That doesn't mean everybody should be able to go on, but if you have the ability and have shown the ability, it can do nothing but help the United States in the long run.

Senator WELLSTONE. I am sorry if this sounds like a leading question, but this is absolutely the direction—and I know Paul knows this from just some work in DC—what the administration is now arguing is that the Pell Grant, given a limited amount of funding, will go to the lowest-income students, increase that, but eligibility will be more restricted, focused on families with incomes below $10,000, and other students can pick up more loans. What is your reaction to that as a kind of foundation of the Federal role?

Ms. HARVEY. You don't want my real words.

Senator WELLSTONE. Yes, I want your reaction.

Ms. HARVEY. I would never have been able to go to school if it had had the $10,000 limit on it. I think I was making around $13,000 and was supporting two children when I decided to go back to school, and if I hadn't received a full Pell Grant along with a few other things, I would never have been able to go. I think one of the reasons I keep hanging in school is because I can't afford to pay back my loan until I can get a job that pays me enough to be able to pay that loan off—and I can't do that making $6 or $7 an hour. So I need that master's degree to get a job that will help me pay it.

Senator WELLSTONE. I should make it clear that on the Pell, it is mainly focused below $10,000, but you may be eligible for it; it is pro rated up. The main point I want to get at is the argument is that those who are no longer eligible for grants—and really, hundreds of thousands of students wouldn't be—could pick up on more loans. What you are saying is that that is of no help.

Ms. HARVEY. Yes, that's ridiculous. I mean, you have to pay them back some day, and making $20,000, when you're paying a couple hundred dollars a month toward grants, and your house payment or your rent is at least one-third of your income to begin with—what does that leave you to live on? There is nothing, there is no incentive there.

Senator WELLSTONE. Thank you. And if it isn't too personal, you said right now you are facing about a $20,000 debt?

Ms. HARVEY. When I finish it will be over $20,000, in probably another 6 months, or summer and fall, anyhow.

Senator WELLSTONE. OK. Marc, you said that you are interested in a business administration degree now, and that you see yourself taking the education that you receive and going back to the community of Fond du Lac and making a difference there.

Mr. PETERSON. Yes.

Senator WELLSTONE. Could you spell out a little more the ways in which you think as a small business person or someone with real knowledge about small business, you see yourself really contributing to the community? I think it would be good for me to know that, and it is also good for our record.

Mr. PETERSON. Well, on the reservation there is a large need for role models. There aren't too many Indians or minorities who are in business or who run small businesses. My area generally needs people who do these sorts of things.

The kids on the reservation now aren't graduating from high school. They don't think there is a chance out there for them. I don't know if they aren't told that, but they just don't see it. There are problems with alcoholism, teenage pregnancy, and the dropout rate for Indians is quite high. I just think that by being a positive role model that I could change that.

Senator WELLSTONE. This is something I really want to ask about, because when I was in Red Lake I met with some high school students over lunch, and they were students who were doing pretty well in school, and I was asking them about the Fond du Lac Community College and whether it helps having the community college right there. We've been talking about how sometimes the students are older and have children to take care of. Has that made higher education more accessible? Has that made it easier for you and others? Do you think it is a good idea to think in terms of more community colleges on reservations, or not?

Mr. PETERSON. It would help by making education a little more accessible for the students in these areas. Fond du Lac services Cloquet and the surrounding communities of Carleton, Cromwell, Floodwood, even as far down as Moose Lake. Community college is an excellent stepping stone into a larger college like the University of Minnesota or UWS. It is an excellent stepping stone, especially if you are a nontraditional student trying to get back into the academic situation.

Senator WELLSTONE. Is there a lot of interest at Fond du Lac?

Mr. PETERSON. There is a lot of interest. It is continuing to grow every year. We have over 100 new enrollees every year. It has been in place for 4 years, and right now we have over 500 students, half of whom are full-time.

Recently, through the State, we were able to build a new building, which I believe will be done in the fall of 1992. With that building, we'll be able to increase our enrollment to I believe about 1,500 students.

Senator WELLSTONE. I don't know if anyone has ever asked you this before, but I was talking to the chairman of the Select Committee on Indian Affairs that I serve on, Daniel Inouye, and he said that he is becoming very interested and asked me whether I would like to help out on this—and I really don't know, so I'm just asking you for your reaction. He said that he is interested in the idea of having an Indian or Native American university in the country. What would you think about something like that? Do you think that would be a good idea?

Mr. PETERSON. Yes, I would, yes. There are several tribally-controlled community colleges around the area, but I think yes——

Senator WELLSTONE. This would be national, where students could come.

Mr. PETERSON. Yes, yes, that would be excellent. I would like to see something like that.

Senator WELLSTONE. Thanks. I didn't know what your reaction would be. I can see it argued different ways, and I just wanted your opinion.

Paul, I've got one special question for you. Several times I have heard you speak, testify, we've talked, and you do a good job of delineating what your specific policy recommendations are and what the Minnesota State University Student Association is in as priorities. I asked this question at the very beginning today, I think of the first panelist, and I think this sort of brings this to closure, and I want to ask this question at the end.

The argument that I hear so much in Washington—it's an argument we hear in Minnesota, too, but let me just take the Washington part—is that there are many competing claims for a limited amount of resources, and that there just is not enough money for a Pell Grant program of the kind that you and other students have called for, much less below-interest loans and everything else. How do you respond to that?

Mr. DOSCH. Well, that's what we pay you to figure out for us, Senator. [Laughter.]

Senator WELLSTONE. Now, two points. That's a great response, and when I worked with people in community organizing and grassroots organizations, I always said that to people when they started throwing the finances at us. The question wasn't so much lay out for me your specific budget. This was meant to be more of a philosophical priority question that I think deserves a philosophical priority answer, not some dodge or whatever—I'm kidding. Go ahead.

Mr. DOSCH. I can tell you what my personal feeling is on it, and in fact what I said actuality almost is the truth, that legislators need to decide what their priorities are. I personally truly believe that the answer to a lot of our social problems, getting people off welfare and other expensive programs, is through education, and that is my opinion. Legislators need to decide who has priorities, and lot of times, as I mentioned earlier, it continually lies with who votes. For example—of course, I'll have a different opinion of this in 50 or 60 years—but the elderly have a tremendous lobby in Washington. They have a lot of money, and they have a lot of votes. Students do not. However, the elderly population also has the most money; you can look at any statistics. I think that's where the problem lies, that too many legislators are doing what is best for their pocketbooks and for their votes, and to get reelected, and not watching out for what is best for the children and what is best for the Nation in the future.

Senator WELLSTONE. The part that you mentioned several times about the need for the 18 to 30 year-olds to be enfranchised and to be empowered, you know how much I agree with you about that.

I think I'll put that question to each of you. Do you have a sense of indignation as students? The argument is made over and over again that it is a good idea, but there isn't the money, and that's all about you. So how do you respond to that? Since this discussion

about how there really isn't enough money is really all about you—right, because you're not just three individuals; you are representing a whole lot of other people; we couldn't have everybody testify—so how do you respond to that argument? Paul started the ball rolling, and if you want to add to it, please do.

Mr. DOSCH. The one comment, again, is I don't know if there are any statistics out there on this, but the amount of money that the Federal Government is putting out for education I think in the end will be collected back in increased tax revenues because of the amount of income those students are going to generate after the Federal Government has helped them through grants and loans. I perceive that within a fairly short number of years, the tax dollars from the increased income from a college education is going to pay for itself, and I think it is a decision that legislators need to make.

Senator WELLSTONE. Mark, Yvonne, I guess I'd like to get a statement from each of you on this. When people say there's just not enough money for us to really put behind higher education, how do you as students respond to that? I think we'll also hear from student in open mike, but I'd like just your quick reaction.

Mr. PETERSON. By saying that there isn't enough money, it kind of seems to me that they're saying we're not worth it, we're not worth finding that money or spending it on us.

Senator WELLSTONE. Those were a few words, but they said a lot. Yvonne.

Ms. HARVEY. I believe that when this country needs money to go to war, or when this country needs money to rebuild another country, they find the money. It is time they stop and reinvest in their own country. The people of this country are its best investment.

Senator WELLSTONE. Thank you very much.

I'd like to just make a couple of very quick announcements if I could. First of all, I'm really pleased that we have somebody now signing. I would really like to thank you so much for being here.

Second, someone mentioned earlier, and I thought to myself, "What's the matter with you, Paul? Why didn't you do this earlier?" about staff and all the preparation. I don't know if everyone is here, right close by, but I will tell you that sitting behind me from Washington is—and I was a teacher, and I always liked to write my own talks and my own pieces for classes, but in the U.S. Senate, if you have really great staff working with you, that's the key—Roberta Walburn is essentially our lead staff person on the Labor and Human Resources Committee. Roberta did a tremendous amount of the preparation for the hearing here and at Minneapolis Community College. David Graham is not here right now; he's not feeling well.

I want to introduce Mark Anderson, who has done a lot of our work in Minnesota. Jeff Blodgett is the director of the Minnesota office in the back of the room, and Jeff Griffith does a lot of our media work. Jim Shaw, who is really alone right now, but will be joined by Kim Stokes, has been director of the northern Minnesota office, and he's in the back of the room.

We'll take a very brief break and start open mike in no more than 15 minutes. I'm really looking forward to hearing the testimony from students.

I'd like to thank the panel very much. [Applause.]

[Short recess.]

Senator WELLSTONE. First I'll say that if you want to sit down and give your testimony, please do so. We can accommodate that. I am going to try and hold everyone to under 5 minutes. I just hate to interrupt people, but I will, because we need to make sure we're able to give everybody a chance. So why don't we proceed that way.

Jeff Blodgett, who directs our Minnesota Senate office, will call off the names. We'll do it in the order of people signed up. By the way, I would certainly needless to say hate to hear booing; I'm sure people are not here to do that anyway. But this doesn't need to be so formal that if you feel strongly about something someone says and you want to applaud, please do. There is no problem with that at all. I have been at gatherings where someone gavels everyone down and says don't do that, but it's fine—if you like what is being said, great; if you don't like what is being said, just keep quiet. [Laughter.] Why don't we start off, Jeff?

Mr. BLODGETT. OK. Just a couple guidelines and things to keep in mind, please. If you would keep your comments brief, a maximum of 5 minutes, but if you could keep it to 2 minutes, that would be terrific. We have over 30 people who have signed up, and we'll get to as many people as time allows.

This is a hearing on the Federal Higher Education Act. If you would please keep your remarks to issues regarding Federal involvement in higher education. Please State your name and address at your school and/or your organizational affiliation for the record at the beginning of your testimony.

Senator WELLSTONE. I've just got to say this. It's the middle of the day, and there is just a tremendous turnout here. When I think about going back to Washington and wanting to really be a voice for what I believe in and being willing to fight for what I believe in, having you here and seeing the interest just means a great deal to me. I would like to thank each and every one of you who are here today, whether you testify or not. Thank you so much.

Let's go on.

Mr. BLODGETT. The first person is Katie Jones.

[No response.]

Mr. BLODGETT. Some people who signed up may have had to go to a class, so I'll keep going.

Shirley Ostoff.

STATEMENT OF SHIRLEY OSTOFF, DIRECTOR OF INDIAN SERVICES, FOND DU LAC COMMUNITY COLLEGE

Ms. OSTOFF. Good afternoon. My name is Shirley Ostoff. I am director of Indian services at Fond du Lac Community College.

I am here today to express my opinions so the most gracious Senator Wellstone can take them back to Washington, and hopefully, all of our views will be taken before the State and national legislatures.

I also want to thank you for listening to our concerns; with you listening, we'll know that everything possible will be done.

I'd like to start by saying I received a letter from the Minnesota Chippewa, and I have been urged to say to you that the Federal Pell program, the Bureau of Indian Affairs grant program, needs

more funding for greater accessibility to education for Indian students.

The Minnesota Chippewa Tribe has funded over 500 students this school year. Next year the number will go up to 850 students. Many Indian students will be denied the opportunity to attend a postsecondary institution because of rising costs at the postsecondary institutions and the decreases in funding from the Bureau of Indian Affairs.

Our Indian students, as well as all students, need to have a college degree in order to get the kinds of jobs they really want and need to make an average living. As recruiters and advisers, we are out there encouraging students to go to college, and yet a lot of them apply only to receive out-of-funds letters from the Minnesota Chippewa Tribe and the State Indian Education Office.

The money amounts of these agencies need to be increased so that more of our Indian people can receive the kind of education they need to go out there and be in the competitive work force.

Also, for all students, financial aid grants affect food stamps because they are taken out of general assistance; the students have to be less than half-time for work assistance, which makes our students who attend our institutions not eligible for Pell.

The financial aid form is complicated. We help all students fill these out, and without our help mistakes might be made only because it is such a complicated form. It scares all those who have to fill them out. Even though the form states that for every question there is an explanation, the needs of each individual may vary because of the financial aid based on need. We strongly need a less complicated form.

More and more often, nontraditional students such as low-income married couples or single parents want to return to a higher education institution, but because either State or Federal annual income guidelines are such that they make as little as $50 per month too much, which causes them to be ineligible for any financial aid. This in turn causes negative feelings about returning to education. The repercussions for their ordeal may be devastating to the potential student, causing him or her to stay on a dead-end street and forget altogether about educating themselves, returning back to the welfare system, with an increased feeling of low self-esteem and low self-worth.

Also, relating to child care, we need better quality child care as far as training programs for our students, and possibly also room availability. Child care is not only essentially but essential, not only during school hours, but to allow our students study time.

Thank you for listening, and hopefully these concerns can be met.

Senator WELLSTONE. Thank you. There was one thing Shirley said at the beginning that I want to briefly pick up on—and I promise not to do this often—Shirley was nice enough to say we will express our concerns, and we are sure that much will happen as a result. My commitment is to really work with you to make these things happen. The voices heard here have to reach Washington, DC, and I don't need to tell you, Shirley, it is going to be a struggle, and we're going to have to be willing to fight the fight.

Ms. OSTOFF. I know that. One last comment, Senator. I would also like to say that I am a national delegate from Minnesota to the White House Conference for Library and Information Services, which I am very proud of, and I will be going there in July. I am also a keynote speaker to the National Library Trustees Association in Atlanta, GA in June. So this makes me really proud that I can do this, and I will work really hard.

Thank you.

Senator WELLSTONE. Thank you very much. [Applause.]

Mr. BLODGETT. The next person is Diana Schmidt.

Senator WELLSTONE. While Diane is working her way up here, there was one person who I did not mention, and I want to do that. The court reporter from the Labor Committee, Annie Hayes, came out here from Washington, DC to record these formal hearings. She is from Minneapolis originally, and I wanted to introduce her because she's been making sure that this all does become a part of the record. Thank you very much for your help, Annie.

Ms. Schmidt, welcome.

STATEMENT OF DIANA SCHMIDT, STUDENT, FOND DU LAC COMMUNITY COLLEGE

Ms. SCHMIDT. My name is Diana Schmidt. I live in Barnum, and I attend Fond du Lac Community College, and I am speaking mostly from a nontraditional status.

I am 36 years old. I have two teenagers. I am attending Fond du Lac Community College with 16 credits. I am in four different organizations and clubs, which take at least five hours of my time every week. I also have nine part-time jobs. Part of the reason I have so many part-time jobs——

Senator WELLSTONE. Nine?

Ms. SCHMIDT [continuing]. Nine, yes. One of the issues I wanted to share was that when you were talking about thanking people for their time, I think time is a commodity we have very little of, and yet it is taken so much from every family. And family is another issue to address, also.

I have two teenagers, one 17 and one 14, and they take time. The issue of child care is very dear to my heart, but I think child care is not just limited to preschool children. My kids, as soon as I come in at the end of my average 12 to 16-hour day, they address me ad the door, "Mom, I've got to talk to you." My husband is working midnights, and he says, "I've got to talk, but first I've got to leave."

So I think one of the things that is really important to me is not to have cuts in staff and faculty. That is my only support system right now with the schedule I have. If there are cuts in that, anyone that I would be able to talk to won't be there anymore. My day revolves around either school activities or work, and you can't really talk to too many people at work.

Currently, we have four full-time teachers at Fond du Lac, 10 staff members, and just over 30 part-time teachers. That in itself is just such a small number, and even though our school isn't really big right now, I think a lot of people will come to the school partly because—and I have attended UMD here also, and I felt like a number here; I didn't have the chance to express who I was or to

elaborate on some of the special areas where I had my own talents. I would not have known that I had any leadership qualities if I had stayed in a State university. At Fond du Lac Community College, I am president of the human services club; I am a senator in our student senate; I am actively involved right now with graduation committee, the pow-wow committee, groundbreaking committee, and also the student assistance program which is basically oriented to the needs of the students.

I went to a workshop down in the Twin Cities, where I first met Mr. Wellstone, and I really appreciated what he had to say on higher education and the focus on people. I was just at a student senate meeting also, with Marc Peterson, and at that meeting my attention was drawn to what democracy means. I think we need to get back to the fact that this is for the people, and people do make a difference.

With that, I'd like to thank you.

Senator WELLSTONE. Thank you, Diana, very much. [Applause.]

Mr. BLODGETT. The next person is Lisa Noponen.

STATEMENT OF LISA NOPONEN, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. NOPONEN. Good afternoon, Senator Wellstone.

My name is Lisa Noponen, and I am a senior political science major here at UMD. I'd like to thank you for the opportunity to share very valuable information about higher education with you today.

Education is an issue that will remain in the forefront of my interests throughout my career in politics. I have been extremely involved in extracurricular activities throughout my years here at UMD. The past 2 years, the focus has been held by UMD Student Association, which is the student government on campus.

This experience has brought to my attention many student issues, including financial aid programs and tuition rates. I have become increasingly aware of the changes in the student population. Point blank, the average age of the University of Minnesota undergraduate student is 24, and he/she takes 5.6 years to complete their education.

UMD, on a positive note, has been recognized for their outstanding retention rates, demonstrating how the university has successfully met these new demands. Students want to be here, and they deserve to be here. I guess I feel that the financial aid packages are trying to conform students to a mold that they just simply cannot meet. We at the University of Minnesota are facing a 25 percent tuition increase in the next 2 years, and to keep pushing away at students to continue to work harder and harder and harder to get through in 4 years, I think is really unrealistic at this point, unless something is done to revamp both the financial aid and the tuition rates at the same time.

I know we are here to discuss financial aid issues, but I think it is also important to recognize the tuition rates. I am very concerned about access to Minnesota's higher education institutions. Again, I talked about the tuition rates, and coupled with financial

aid eligibility and a $4.25 per hour minimum wage, this has proven very detrimental to the middle-class student such as myself.

In the past 3 years, I myself have received a total of $525 in financial aid. I receive zero—zero—parental financial support, although I do receive a great deal of encouragement from them. But this has left my personal contribution toward my education to be $21,525. I have paid this in cash. I work two jobs. I receive a stipend from the UMD student government. I have been working at an internship the past two quarters with the Duluth City Council and, just recently, with Congressman James Oberstar. I am very proud to have been able to do this, and I am looking ahead to graduation in August, and I'm thanking God that I'm not going to have to be here to try to make up the $750 that they are proposing to tack onto our tuition next year.

Financial aid is really not taking care of the middle-class students. They are really being left on the fence and are about to be kicked off. I think it is just important to realize that sometimes financial aid is an all-or-nothing situation, and I am one of those students who just does not receive anything and have been able to do it on my own, and I'm very proud of that fact. I hope that the opportunity isn't taken away from some students to pursue an education and the opportunities that they choose.

[The prepared statement of Ms. Noponen follows:]

Prepared Statement of Ms. Noponen

Good afternoon Senator Wellstone. My name is Lisa Noponen; I am a senior political science major here at the University of Minnesota, Duluth. I thank you for the opportunity to share important information about education, an issue that will remain my priority throughout my career in politics. I have been extremely involved in extra-curricular activities throughout my years at UMD, including 2 years on the executive committee of the UMD student government, the Student Association. This experience has opened my eyes to many student issues, with special attention focused toward financial aid programs and tuition rates. I have become increasingly aware of the changing profile of students seeking higher education. The average University of Minnesota undergraduate is 24 and spends 5.6 years completing degree requirements. Students simply are not graduating in 4 years. This is largely due to the current costs, and the necessity for students to work while attending school. Financial aid programs, by awarding dollars on the basis of a 4-year plan, for forcing U of M students into a mold they simply cannot conform to. I currently pay approximately $1,100 per quarter to attend UMD. Books are $200 and rent is $645 per quarter. But wait, I haven't included money for food and miscellaneous items. A car and therefore insurance (let's not forget health insurance) are a necessity since I work two off-campus minimum wage jobs in addition to attending school full time, interning in Congressman James Oberstar's Duluth office, and holding active membership in five organizations and two campus committees. Throughout my college education, I have received $525 in total financial aid, and ZERO financial parental support (although a great deal of encouragement). This has left me with an approximate personal contribution of $23,500 toward my education, including only tuition, housing, and book expenses. I have been able to pay these costs up front in cash thus far with my own financial aid—my work ethic and my backbone. My father drives a city bus for a living, while my mother works as a receptionist at a hair solon. They simply do not have the financial resources to help me. I am not trying to give you a sob story but hope to give you insight to the extent many middle class students are being pushed under the present system. I want you to know that it gives me a great sense of pride and feeling of independence to be able to do it on my own. The end result of a degree will be of a great benefit despite the many sacrifices I have had to make.

We have been primarily discussing federal financial aid issues today. I think it necessary to also examine the costs of attending higher education when discussing aid programs. We, at the University of Minnesota, Duluth are facing a tuition in-

crease of 25 percent ($750) in the next 2 years. These skyrocketing rates, coupled with proposed changes in financial aid packages and a $4.25 per hour minimum wage will undoubtedly prove detrimental to the middle class student such as myself. I am one of the many students who will be the big loser in the future of higher education. By enlarging the amounts of federal financial aid awards, and not the number, students like myself will be squeezed out of the system. I simply cannot work any harder to subsidize tuition hikes without some sort of help. Many students are riding the fence, and will forced to cut credit loads, or take a quarter off because they can not longer afford to pay. Is it fair to say the middle class bias is in effect?

I would like to see financial aid programs re-examined to reflect the changes on college campuses. Most students are working their way through school. This practice should be rewarded, not punished. For instance, eligibility should be based on a 180 credit degree requirement, rather than 4-year maximum on a minimum number of credits per quarter. Secondly, I do not support limiting the number of awards so that fewer can benefit. I have witnessed many students receive substantial Pell Grants giving them close to a "full ride." Senator, there are still too many of us working two jobs to finance our own educations for this to happen. I too, must complete assignments, write papers and take exams. Please realize that I am not the exception, but rather the rule of the typical middle class college student.

Creating access for all, even the middle class, is emerging as a significant challenge. If education is truly a priority, more money and fiscal responsibility on the part of our institutions is the only option to better our situation. Families and students need to financially plan for a future in higher education. Our government must recognize the dilemma's and commit to do something bout, not only the year before elections. Education is an investment, it is a right, and it is a necessity in today's society. We all want to learn, and all we deserve the opportunity. Thank you.

Senator WELLSTONE. Thank you, Lisa, for a very fine statement. [Applause.]

Mr. BLODGETT. Daniel McKenna.

STATEMENT OF DANIEL McKENNA, DIRECTOR, COOPERATIVE EDUCATION PROGRAM, CONCORDIA COLLEGE, MOORHEAD, MN

Mr. MCKENNA. I was a student in the Forties, but I'm a little bit older than that now.

I am Dan McKenna, and I am director of the Cooperative Education Program at Concordia in Moorhead, MN. I am here on behalf of the Coalition for Cooperative Education, which represents the National Coalition for Cooperative Education, the Cooperative Education Association, and the Cooperative Education Division of the American Society for Engineering Education.

The coalition represents a united effort from the cooperative education community in support of Title VIII in the reauthorization of the Higher Education Act.

Cooperative education is a program which links classroom learning with productive, paid and supervised work experience in the students' majors, minors, or career-related fields. The students work full-time or part-time for two or more quarters or semesters.

Title VIII has been very helpful in providing seed money for coop education with decreasing Federal support over 5 years. During the sixth year, the institution takes over full funding.

In these days of more and more restrictions on financial aid and declining employment opportunities, coop education is becoming more and more important. Coop education students are able to earn part of their college expenses. Coop education can also result in permanent full-time employment for students in the same company where they worked, or provide them with the needed experience to give them full-time employment. Indeed, students find it

easier to interview for permanent employment, for they have the experience, and the interviewer can focus in on this experience; they also know the language of their profession.

Many companies are relying more and more on coop education programs to provide them with a pool of applicants. For them, it is a very cost-effective method of recruitment.

All the Nation benefits from coop education; the Federal Government, the largest employer of coop education students, benefits the most. The Federal sector is able to hire quality students through coop education and has used coop education as a way to recruit minorities.

Ten days ago I was at a Federal coop education conference in Crystal City, VA. There was a young Hispanic student there from San Antonio. She said that coop education provided an opportunity for her, "someone who otherwise didn't have a chance."

Now, the coalition is recommending some changes for the new Title VIII. First, they are recommending that there be some changes in the percentages from year to year over the 5-year period. We would also like to recommend that the administrative funds, or the dollars allocated for the administrative grants, be split so that two-thirds of it could be used for seed money, and one-third of those dollars might be used to be distributed to colleges with coop education programs on a formula basis.

The coalition would like to urge that full consideration be given to the reauthorization of Title VIII. The handouts which I have made available provide details on the recommendations of the coalition, with suggested changes and a rationale for each change.

Thank you very much, Senator. [Applause.]

[The document referred to above submitted by Mr. McKenna, follows:]

COALITION FOR COOPERATIVE EDUCATION

The Coalition for Cooperative Education, representing the National Commission for Cooperative Education, the Cooperative Education Association, and the Cooperative Education Division of the American Society for Engineering Education, urges strong support for Title VIII in the Reauthorization of the Higher Education Act. We have developed recommended changes in the legislative language to maximize effective program development. This will further the federal goal of providing students in higher education with expanded opportunities to participate in cooperative education.

Cooperative education is a program which links classroom curricula with productive, paid, and supervised work experience in a related field. Co-op provides enhanced academic learning, more informed career selection, and results in better prepared professionals graduating from college.

ANNUAL CO-OP STATISTICS

Number of Colleges & Universities	900+
Number of Co-op Students	250,000+
Number of Co-op Employers	50,000
Number of Federal Government Co-ops	14,000
Average Co-op Salary/Student	$7,500
Total Estimated Annual Co-op Earnings	$1,875,000,000
Total Estimated Federal Taxes & Social Security	$225,000,000
Return on Current Federal Investment of $13,175,000/Year for Title VIII	>1600%

No other program offers Title VIII's extraordinary rate of return. Co-op earnings from employers offer financial assistance to all who participate. This is particularly important for students from middle-income families for whom there is great difficulty in meeting the high cost of college. Individual studies show that co-op students have higher grade-point averages, and higher rates of retention and graduation.

With programs in less than one-third of all higher education institutions and with only 2% of students participating, there is considerable room for expansion. Particularly in light of the escalating cost of higher education, fiscal constraint in institution finances, and the burgeoning student debt and default rates, cooperative education should be available to more students. Interest in co-op has increased greatly during the past five years due to the Ad Council's national ad campaign for cooperative education. This campaign, undertaken at the request of the National Commission, has resulted in $150 million of donated advertising, and 400,000 pieces of literature have been distributed to students, parents, high school guidance counselors, and employers. Since the beginning of the campaign, the number of co-op students has increased by 48%.

In order for cooperative education to be available to more students, the federal government must continue and expand Title VIII funding to allow institutions to develop strong programs and increase outreach to traditionally underrepresented groups. Recognizing the importance of Title VIII, the Administration has included funding for Title VIII the FY'92 budget request for the first time in more than a decade. The Congressional support which has maintained Title VIII funding since its inception is crucial to the expansion of access to this vital program.

Co-op can play a critical role in producing graduates with key professional and technical skills. This is especially important for population groups which have not had the advantage of exposure to the wide variety of specialized careers which will be needed to support a strong U.S. economy.

National Commission for Cooperative Education | *Cooperative Education Division of the American Society for Engineering Education* | *Cooperative Education Association, Inc.*

Recognition of the academic benefits of participation in cooperative education has been reinforced by the recent research of Dr. Robert Sternberg, IBM Professor of Psychology and Education at Yale University. His internationally-recognized theories of intelligence and learning have focused on the development of practical and adaptive skills, as well as the analytic skills more commonly associated with a higher education academic program. With a background of more than 300 publications, including 25 books, Dr. Sternberg and Dr. Richard Wagner of Florida State University are currently focusing on cooperative education as a critical mechanism for producing graduates with the skills to succeed not only in school but also in the workplace. Until Sternberg and Wagner's research on "practical intelligence" and their development of measures for tacit knowledge (or the intellectual competencies required for problem-solving skills in the workplace), there had been no formal way to measure the practical knowledge acquired by students in cooperative education. This technology now enables the measurement of these products of experiential learning for co-op students.

SUMMARY OF CHANGES PROPOSED BY THE CO-OP COMMUNITY IN TITLE VIII FOR REAUTHORIZATION OF HIGHER EDUCATION ACT

The changes described below summarize the draft of proposed changes submitted by the Legislative Task Force, representing the National Commission for Cooperative Education, the Cooperative Education Association, and the Cooperative Education Division of the American Society for Engineering Education. Amended sections are described in order of appearance in the law.

I. **Amount of Authorization:** We proposed to increase the authorization from $17,000,000 to $45,000,000.

Rationale: The current interest in financial assistance to students from middle-income families makes co-op particularly attractive and timely. With only 2% of students in higher education institutions participating in co-op, and programs available at one-third of the institutions, there is considerable room for expansion. The critical need for financial assistance and the relatively small size of most programs demonstrate need for increased funding. Title VIII can play a vital role in equity of access to the financial, educational, and job attainment benefits of co-op, particularly in light of the severe economic constraints in higher education today. Co-op students earn an average of $7,000-$7,500 annually. They pay approximately $187,500,000 for federal taxes and social security on their earnings, yielding a net gain to the government of 16 times the current investment through Title VIII. Additional benefits to students include career sampling, exposure to corporate culture, learning to link academic curriculum with practical applications, access to state-of-the-art equipment, and effective work experience--usually leading to a job offer upon graduation.

II. **The proportion of funding allocated to administrative, demonstration, research and training has been altered. The only significant change is the division of the 75% for administrative funding into 50% for new programs (similar to what we have traditionally known as administrative) and 25% for established programs (on a ratio basis--See item VII for description).**

TYPE	CURRENT %	PROPOSED %
Administrative	75%	50% New 25% Established
Demonstration	12.5%	11%
Training	10%	11%
Research	2.5%	3%

III. **Eligibility for Administrative Funding for New Programs.** We have limited the eligibility to institutions which have not received Title VIII funds for the administration of a co-op program in the preceding 10 years. In an effort to strengthen the importance of institutional commitment, these recommendations from the co-op community ensure that institutions which recently received funds should not be eligible for money intended to go to new programs.

IV. **Measures to tighten institutional commitment.** These include:

A. A formal statement of institutional commitment;
B. A notation of co-op employment on the student transcript;
C. Several clarifications of the information required in program reports beginning in year 2 of funding. The latter include:

1) the number of unduplicated student applicants;
2) the number of unduplicated students placed;
3) the number of employers who have hired co-op students;
4) the total income for all students derived from working in co-op jobs; and
5) the increase or decrease in the number of students placed, compared to the previous year.

These should tighten the definition of what is included in each category, and it will provide comparable information for programs across the country. This will enhance evaluation of program success.

D. Changes in the matching percentages for the federal share from:

YEAR	CURRENT % FEDERAL SHARE	PROPOSED % FEDERAL SHARE
1	90%	85%
2	80%	70%
3	70%	55%
4	60%	40%
5	30%	25%

V. **Inclusion of the eligibility of students at two-year institutions who are pursuing an associates degree.** The prior listing of only "students who are certificate candidates" appears to be inadvertent.

VI. **Elimination of unit funding.** The ability of an institution to continually apply for funding for additional units discourages institutional commitment.

VII. **Funding for Established Programs.** (To replace Sec. 802(c)(3) which allows an additional five years of funding eligibility). Not less than 25% of the Title VIII funds would go to established programs. Institutions with a co-op program which never received Title VIII and institutions which had received the five years under new administration awards would be eligible, provided they meet the requirements that control eligibility under new administrative awards. The maximum award to an institution could not exceed an amount equal to 25% of the previous year's co-op operating budget and the institution could not expend less than it expended for co-op in the prior year (in other words the federal funds could not supplant institution funds). The maximum number of years for these funds would be five. Funds would be allocated on a ratio of the number of unduplicated students placed on co-op in an institution, in proportion to the total number placed from all institutions applying under that provision.

This type of support is important because of the lack of funding programs to assist middle-income families. This has been an expressed concern of many members of Congress this year. Since many programs are small and need to develop additional outreach to traditionally underrepresented populations, additional funding will provide them with resources for expansion in program size and outreach.

VIII. **Limitation of the authorization of the USDE to make contracts with (as opposed to awarding grants to) institutions and other public or private non-profit agencies or organizations.** This change would allow contracts of no more than 3% of the amount appropriated for demonstration, training, and research. This will ensure that the awards of money continue to be determined by the competitive proposal selection process. 5/1/91

TITLE VIII COOPERATIVE EDUCATION
APPROPRIATIONS AUTHORIZED; RESERVATIONS

CURRENT LAW

Sec. 801 (a)APPROPRIATIONS AUTHORIZED. There are authorized to be appropriated to carry out this title $17,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) RESERVATIONS. Of the amounts appropriated in each fiscal year-

(1)not less than 75 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions for cooperative education under section 802;

(2) not to exceed 12 1/2 percent shall be available for demonstrations projects under paragraph (1) of section 805(a);

(3) not to exceed 10 percent shall be available for training and resource centers under paragraph (2) of section 805(a); and

(4) not to exceed 2 1/2 percent shall be available for research under paragraph (3) of section 805(a).

(c) AVAILABILITY OF APPROPRIATIONS. Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this title.

GRANTS FOR COOPERATIVE EDUCATION PROGRAMS

Sec. 802. (a) GRANTS AUTHORIZED; MAXIMUM AMOUNT OF GRANT.-(1) The Secretary is authorized, from the amount available under section 801(b)(1) in each

SUGGESTED AMENDMENT OR SUBSTITUTE

Sec. 801 (a) is amended-
(A) by striking out "$17,000,000" and inserting in lieu thereof "$45,000,000"
(B) by striking out "1987" and inserting in lieu thereof "1991"

Sec. 801 (b)(1) is amended-
(A) by striking out "75" and inserting in lieu thereof "50"
(B) by inserting immediately after "section 802" the words "(a) through 802(e)"

Sec. 801 (b) is amended by inserting immediately after "section 802(a) through 802(e)" the words "(2) not less than 25 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions for cooperative education under section 802(d);"

Sec. 801 (b)(2) is amended-
(A) by striking out "(2)" and inserting in lieu thereof "(3)"
(B) by striking out "12 1/2" and inserting in lieu thereof "15"

Sec. 801 (b)(3) is amended-
(A) by striking out "(3)" and inserting in lieu thereof "(4)"
(B) by striking out "10" and inserting in lieu thereof "15"

Sec. 801 (b)(4) is amended-
(A) by striking out "(4)" and inserting in lieu thereof "(5)"
(B) by striking out "2 1/2" and inserting in lieu thereof "5"

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Student participation in cooperative education has increased steadily, but fewer than one-third of higher education institutions in the U. S. offer the program. Only 2% of students enrolled in higher education participate in co-op education. The increased funds will enable expansion of access to the educational and financial benefits of co-op. Co-op earnings provide students with significant financial assistance regardless of economic background, making it vital to students from middle-income families.

The existing category of administrative funding will be divided into 2 groups-new programs and established, successful programs. Funding for new programs continues the longtime federal support of assistance to plan and enact a co-op education program. Funding for established programs will assist expansion of program size, offerings, and/or outreach to underrepresented populations which will constitute a larger proportion of the student body but have not been traditionally as likely to participate in cooperative education.

The percentages for funding in demonstration, training and research have been altered slightly to reflect the importance of each type of project.

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final year and in accordance with the provisions of this title, to make grants to institutions of higher education, or to combinations of such institutions, to pay the Federal share of the cost of planning, establishing, expanding or carrying out programs of cooperative education by such institutions or combinations of institutions. (2)(A) Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education. (B) The amount of such grant shall not exceed $500,000 to any institution of higher education or combination of such institutions in any fiscal year.		
(b) APPLICATIONS.-Each institution of higher education, or combination of institutions desiring to receive a grant under this title shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall-	Sec. 802.(b) is amended- (A) by inserting after "APPLICATIONS" the words "FOR NEW PROGRAMS" (B) by striking out "desiring to receive" and inserting in lieu thereof "which has not received Title VIII funds for the administration of a cooperative education program for the ten previous fiscal years and desires to receive"	The limitation of eligibility to programs which have not received this support for 10 years will ensure that funds intended for new programs do not go to institutions which have recently received Title VIII money for program administration.
(1) set forth the program or activities for which a grant is authorized under this section; (2) specify such portion of such program or activities which will be performed by a nonprofit organizations or institutions other than the applicant and the compensation to be paid for such performance; (3) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year; (4) describe the plans which the applicant will carry out to ensure that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1);	Sec. 802.(b)(4) is amended- (A) by deleting "to ensure" (B) by inserting immediately after "will carry out" the words "and a formal statement of institutional commitment which ensures"	The change strengthens the importance of institutional commitment, which is vital to the success of any program after Title VIII funding ends.
(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate candidates and who carry at least one-half the normal full time academic workload;	Sec. 802.(b)(5) is amended by inserting immediately after "who are certificate" the words "or associate degree"	This allows students at 2-year institutions who are pursuing an associates degree to be included in the wording. The prior omission of these words appears to be inadvertent.
(6) provide that the applicant will-		

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(A) make such reports as may be essential to ensure that the applicant is complying with the provisions of this section, including in the reports for the second and each succeeding fiscal year for which the applicant received a grant data with respect to the impact of the cooperative education program in the previous fiscal year, including: (i) the number of students enrolled in the cooperative education program, (ii) the number of employers involved in the program, (iii) the income of the students enrolled, and (iv) the increase or decrease of enrollment in the program in the second previous year compared to such previous fiscal year; and	Sec. 802.(b)(6)(A)is amended by striking out clauses "(i)(ii)(iii) and (iv)" by inserting in lieu thereof "(i) the number of unduplicated student applicants in the cooperative education program, (ii) the number of unduplicated students placed in co-op jobs; (iii) the number of employers who have hired co-op students; (iv) the total income for all students derived from working in co-op jobs and (v) the increase or decrease in the number of student placed in co-op jobs in the program in the second previous year compared to such previous fiscal year; and"	These amendments tightens the accountability of co-op programs. There has been some confusion over the inclusion of students who are interested in co-op but not placed in a job. There has also been confusion about counting "duplicated" placements (one student placed 2 or m...re times in a year) which make evaluation and comparison of program size difficult. Data on the number of employers hiring co-op students is more specific than the number of employers "involved." The total income figures will facilitate evaluation and analysis of the financial benefits derived by students.
(B) keep such records as are essential to ensure that the applicant is complying with the provisions of this title; (C) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title; and (D) include such other information as is essential to carry out the provision of this title. (c) DURATION OF GRANTS; FEDERAL SHARE.-(1)(a) Except as provided in paragraph (3), an individual unit of an institution of higher education may receive, individually or as a participant in a combination of such institutions, grants under this section for more than 5 fiscal years.	Sec. 802.(b)(6)(B) is amended by inserting immediately after "provisions of this title," the words "including notation of co-op employment on the student's transcript"	The notation on the transcript reinforces the institutional commitment required and increases visibility of co-op. The notation does not require that the student receive credit for participation in co-op.
(B) The limitation contained in subparagraph (A) shall apply to such institutions of higher education or participant in a combination of such institutions whether the grant was received before or after the date of enactment of the Higher Education Amendments of 1986. (2) The Federal share of a grant under this section may not exceed-	Sec. 802.(c)(1) is amended: (A) by striking out "paragraph (3)" and inserting in lieu thereof "Sec. 802(d)" (B) by striking "unit of an"	Notations changed to reflect corresponding section in the changed draft. The inclusion of "units of an institution" allowed institutions to continue to apply for federal funds multiple times and could discourage institution-wide commitment at the beginning.
(A) 90 percent of the cost of carrying out the applications in the first year the applicant receives a grant under this section; (B) 80 percent of such cost in the second such year; (C) 70 percent of such cost in the third such year;	Sec. 802.(c)(2)(A) is amended by striking "90" and inserting in lieu thereof "85" Sec. 802.(c)(2)(B) is amended by striking "80" and inserting in lieu thereof "70" Sec. 802.(c)(2)(C) is amended by striking "70" and inserting in lieu thereof "55"	The percentages have been altered to require increased institutional commitment of financial support. The steady increase in required institutional support will enhance the institution's ability to absorb the full cost of the program after the grant ends.

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(D) 60 percent of such cost in the fourth such year, and	Sec. 802.(c)(2)(D) is amended by striking "60" and inserting in lieu thereof "40"	
(E) 50 percent of such cost in the fifth such year.	Sec. 802.(c)(2)(E) is amended by striking "50" and inserting in lieu thereof "25"	
(3) Any institution of higher education, or participant in a combination of such institutions which (A) has received a grant for 5 fiscal years under this section; (B) has conducted without Federal assistance a cooperative education program for at least 2 academic years subsequent to the end of the fifth such fiscal year; (C) has expended for the cooperative education program for each such subsequent academic year an amount at least equal to the total cost of the program in the fifth fiscal year in which the institution, or participant, received assistance under this section; and (D) provides statistics in the application required under subsection (b) on the number of students enrolled in the cooperative education program, the number of institutional personnel, including faculty advisers and cooperative education coordinators, and the income of the students enrolled, for each such year; may apply under subsection (b) as an institution, or participant, to which subparagraph (A) of paragraph (2) applies.	Sec. 802.(c)(3) is deleted and Sec. 802.(d) is inserted as follows: (d) APPLICATIONS FOR ESTABLISHED PROGRAMS-Any institution of higher education, or participant in a combination of such institutions which - (A)(1) has an existing cooperative education program, or, (2) has received federal assistance for at least 5 fiscal years under section 802(a) through 802(c), (3) meets the requirements in the application required under subsection 802(b)(1,2,3,5,6,7,&8); may apply to receive that portion of available federal funds referred to in Section 806(b)(2) which is represented by the ratio of the applicant institution's number of unduplicated students placed in co-op jobs in the previous year to the total number of students placed from all institutions applying under this provision. (b) The maximum number of years for which an institution may receive federal funds under the provisions of Section 802(d) is five years. (c) At no time may an individual institution receive an amount of federal funds from Section 802(d) in excess of 25 percent of the co-op operating budget of the previous fiscal year. (d)No institution may receive funds under 802.(b) and 802.(c) at the same time."	The need for the financial and educational benefits of co-op has increased dramatically. Student participation in co-op has risen steadily. Since it provides significant financial assistance (with earnings paid by employers), without regard to economic background, it is vital to students from middle-income families. Students earn an average of $7,000 - $7,500 per year through co-op employment. In order to meet the increased demand as well as to increase outreach to underrepresented populations which constitute an increasing percentage of the college-age population, established successful programs need to expand. These funds will ensure that the proven models of co-op education programs reach out to new populations and/or in new areas of study. This funding will meet the rising demand by targeting those institutions that have demonstrated their commitment, effectiveness, and ability to expand their outreach.
(4) any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.		
(d) FACTORS FOR SPECIAL CONSIDERATION OF APPLICATIONS.-(1) In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education for programs which show the greatest promise of success because of:	Sec. 802.(d) is amended by striking "(d)" and inserting in lieu thereof "(c)"	Notation changed to reflect corresponding section in the changed draft.
(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers, (B) the commitment of the institution of higher	Sec. 802.(c)(1)(B) is amended.	These measures emphasize the institutional commitment

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education to cooperative education has demonstrated by the plans which such institution has made to continue the program after the termination of Federal financial assistance,	(A) by inserting before "commitment of the" the words "strength of" (B) by inserting immediately after "demonstrated by the plans" the words "and formalized institutional commitment statement"	required for the development of a successful program.
	(C) by striking out "education has" and inserting in lieu thereof "education as"	Correction of an apparent typographical error.
(C) the extent to which the institution is committed to extending cooperative education on an institution-wide basis for all students who can benefit, and	Sec. 802.(a)(1)(C) is amended by deleting "on an institution-wide basis"	With the deletion of the eligibility of individual units within an institution, this is unnecessary.
(D) such other factors as are consistent with the purposes of this section.		
(2) The Secretary shall also give special consideration to applications from institutions of higher education or combinations thereof which demonstrate a commitment to serving special populations such as women, the handicapped and Black, Mexican American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro), and Northern Marianas students.		
DEMONSTRATION AND INNOVATION PROJECTS, TRAINING AND RESOURCE CENTERS, AND RESEARCH		
Sec. 805.(a) AUTHORIZATION.-The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for-		
(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education from the amounts available in each fiscal year under section 801 (b)(2);	Sec.805.(a)(1) is amended by striking out "801(b)(2) and inserting in lieu thereof "801(b)(3)"	Notation changed to reflect corresponding section in the changed draft.
(2) the conduct of training and resource centers designed to-		
(A) train personnel in the field of cooperative education;		
(B) improve materials used in cooperative education programs;		
(C) furnish technical assistance to institutions of higher education to increase the potential of the institution		

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to continue to conduct a cooperative education program without Federal assistance; (D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need; and (E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with another institution of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand and existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs, from the amounts available in each fiscal year under section 803(b)(1); and	Sec. 803.(a)(2)(E) is amended by striking "803(b)(3)" and inserting in lieu thereof "803(b)(4)"	Notation changed to reflect corresponding section in the changed draft.
(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 803(b)(4). (b) ADMINISTRATIVE PROVISION.--To carry out this section, the Secretary may-	Sec. 803.(a)(3) is amended by striking "803(b)(4)" and inserting in lieu thereof "803(b)(5)"	Notation changed to reflect corresponding section in the changed draft.
(1) make grants to or contracts with institutions of higher education, or combinations of such institutions, and	Sec. 803.(b)(1) is amended by inserting immediately after "combinations of such institutions," the words "the authorization of the Secretary to enter into contracts under this section in each fiscal year not to exceed 3% of the amounts appropriated for the provisions of this section, and"	The changes in 803(b)(1)and 803(b)(2) ensure that the competitive grant application process is followed, while allowing a small percentage of funds to be awarded on a contract basis.
(2) make grants to or contracts with other public or private nonprofit agencies or organization, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section. (c) SUPPLEMENT NOT SUPPLANT.-A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.	Sec. 803.(b)(2) is amended by inserting immediately after "objectives of this section" the words "the authorization of the Secretary to enter into contracts under this section in each fiscal year is not to exceed 3% of the amounts appropriated for the provisions of this section."	

Senator WELLSTONE. Thank you very much, Mr. McKenna. I am really appreciative of your testimony.

Mr. BLODGETT. The next person on the list is Dale Hintsala, representing the Minnesota High Tech Council.

STATEMENT OF DALE HINTSALA, CEO/PRESIDENT OF NARAMCO ENGINEERING CORPORATION IN HIBBING, AND DIRECTOR, NORTHERN CHAPTER OF THE MINNESOTA HIGH TECHNOLOGY COUNCIL

Mr. HINTSALA. Senator, my name is Dale Hintsala, and I am the CEO/President of Naramco Engineering Corporation in Hibbing, and I am here today representing the Northern Chapter of the Minnesota High Technology Council. A set of my comments have been provided to your staff.

The Minnesota High Technology Council supports the United States Higher Education Reauthorization Act. The Minnesota High Technology Council is of the opinion that we need to reverse the recent United States public policy trends which decrease student grants in favor of increasing student loans. This current policy has served to substantially reduce United States aid to higher education. The U.S. Congress must provide greater financial assistance to higher education.

Currently, with greater emphasis on student loans, many students cannot afford to complete their postsecondary or, if they do, they leave school with enormous debt liabilities. The average Minnesota college graduate is now facing 9 years of full-time employment to pay off student loans.

The United States policy forces higher education institutions to serve as bankers and to determine which students are good or bad risks for loans. Low-income students and their families are not economically good loan risks. This has created a situation where students who have the greatest financial need have the lowest chance of receiving assistance.

Consequently, more grants are needed for students of color and in low-income situations, and this type of assistance has to be provided by the U.S. Government. I believe these facts, or a number of them, were stated this morning by your various panel members.

National and State statistics show a decline in the number of women and students of color enrolling in college; this disturbing trend has to be changed. This trend is compounded by the ever increasing costs of higher education.

The Minnesota High Technology Council supports increased Federal assistance to enable students to attend postsecondary education institutions.

The Minnesota High Technology Council supports increased Federal assistance for student grants.

The Minnesota High Technology Council urges the United States Congress to reverse the trend of increasing student loans and decreasing student grants.

And mostly for the United States economic future and our position in the international marketplace, the United States has to have a well-trained and well-educated work force, especially in the fields of science, mathematics and high technology.

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If we prohibit our young people from having economically viable educational opportunities or continue the trend where only the economically well-off can attain a higher education, we will lose a great portion of our future work force and future technological capability. The Federal Government must address this issue in order to provide and maintain a sound economy and to enable technology companies to have continued access to the best-educated and best-trained people possible.

Thank you. [Applause.]

Senator WELLSTONE. Dale, I just want to say two things. First, I really appreciate having this testimony from the Minnesota High Technology Council as a part of the record. Second, I really appreciate your emphasis on the connection between education and whether or not the United States will or will not be a leader in technology policy in the world. I think that is such an important connection to make. And third, I am hoping that we will in fact sometime in June pull together—I'm very interested as a United States Senator in working with people around a conference on technology policy because it is a strong interest that I have.

Thank you very much. I really appreciate it.

Mr. BLODGETT. The next person on the list is Laura Riley-Dykema.

STATEMENT OF LAURA RILEY-DYKEMA, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. RILEY-DYKEMA. My name is Laura Riley-Dykema, and I am a nontraditional student, age 32.

Senator WELLSTONE. Can I interrupt you for a second, Laura?

Ms. RILEY-DYKEMA. Sure.

Senator WELLSTONE. I'm starting to think that the students who get up and say they are "nontraditional" should introduce themselves as traditional students, because I think they are in the vast majority. Anyway, go ahead.

Ms. RILEY-DYKEMA. It is pretty realistic and frightening at the same time.

Anyway, to continue, I am a student, I am a parent, and I am employed. I also find little time to get involved in several organizations because my resources come from social service agencies which don't permit me to incorporate savings, interest on my savings, things of that sort.

Before I go any further with myself, there is another student, a male, who could not be here, so I'd just like to read quickly what he had written down. He is also nontraditional, age 29, father of two.

"As a single father of two young boys and at the age of 29, I am not a traditional student. I rely solely on AFDC to support my family. This month my AFDC was canceled because I did not return a financial aid confirmation form which I didn't receive, although they claimed to have sent it. Now I must reapply for benefits, meaning that my family will go at least a month without any income whatsoever. The whole purpose of this form is to determine whether I received enough financial aid to warrant their reducing my food stamps."

"I am not out for a free ride. I appreciate the support that is available. But I don't believe the system offers any incentive to those trying to succeed in improving their lives; rather, the system punishes them."

I guess in brief, my feeling about what is happening with the higher education financial aid cuts—and then again, our tuition increases—is that these programs in my perception have to be reevaluated, the ones we have in existence, and those programs have to be restructured to be consistent with other programs that fund us off-campus. Some of these programs that fund us, the nontraditional students dependent upon welfare who have children, are these—and these programs are the social programs picking up the slack for the already existing cuts we have experienced in Pell and so forth. For example, the State and Federally funded work-study programs were titled separately to establish some security for students who are receiving support from the department of social services. This support includes Aid to Families with Dependent Children, general assistance, medical assistance, food stamps, and the Stride program. When I receive my financial package at the beginning of each year—and I have been here three—those financial packages are counted as unearned income which directly affects the food stamps I receive to feed my family.

When I heard earlier that property taxes were increased to take care of some of our own Minnesota budget deficit, or that higher education is going to fund that—either way, it is going to be tabled that we pay a price—I am a homeowner, existing on $500 per month. So I have not only paid my increased property tax, but now I am coming to school to pay the increase in tuition.

The other programs that are affected are programs such as the Duluth Jobs Training Program, the Rehabilitation Services Program formerly known as Duluth Vocational Rehabilitation. As we experience the financial cuts here within higher education, these programs are also experiencing similar financial cuts, and they are not going to be there to bail me out or similar people who share my situation.

So to end this, I'm a little nervous so I'm sure I'm not totally clear, but here I am, finishing my third year, and I may not be able to come back to school next year. And I don't particularly care to sit on welfare another year.

One more thing. I have two kids. The oldest will be eligible for college in 10 years. I don't think college will be there for her, regardless of whatever income I can find.

Thank you. [Applause.]

Senator WELLSTONE. Thank you very much, Laura.

Mr. BLODGETT. The next speaker is Hank Passi.

STATEMENT OF HANK PASSI, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH [THROUGH VOICE INTERPRETER]

Mr. PASSI. Good afternoon. My name is Hank Passi. This is Nancy Deaner, and she will be working as my voice interpreter. I am really hoping that she'll use a voice that sounds like Robert Redford, so you'll be really impressed by my talk here. [Laughter.]

OK. I am a senior here at UMD, and I will be graduating this year. I also work full-time.

First, let me explain that in Minnesota, we have over 300,000 people who are hearing-impaired and who have some kind of hearing loss. Of that 300,000, 45,000 are considered profoundly deaf, and those are people who depend on sign language and other visual communication for their receipt of information.

One of the big concerns that we have under the Federal Higher Education Act is also sort of related to 504; that 504 has maybe become somewhat weak in terms of accessibility. And maybe we even ought to be talking about 504, that it makes a stronger commitment to the issues of accessibility, to issues of interpreter services and staff here at higher education colleges and campuses.

For higher education support of the group of hearing-impaired people, we really would like to improve the quality of services for deaf students at higher education campuses. I think we need to look at the issues of interpreter services and note-taker services to be able to improve access to education for deaf people.

I would also like to speak on behalf of encouraging diversity on campuses, for hearing and deaf people together to be able to interact and learn from each other, and to also incorporate American sign language in curriculums. I believe this is a really important function of higher education. Also, this will help us to create more positive role models for deaf children so they can understand that their opportunities are also limitless. If deaf children can see that there are opportunities for them, that will be of great benefit.

I would also like to strongly encourage in the area of technical resources in education to encourage closed-captioning for educational materials for the library and the learning resource center. These would be great advantages for deaf students. Right now, that is really a barrier for us. So much of our education is involved in technical/video materials. I would really like to see that improve in the future.

The major issue today for deaf people is that we have been hidden for a long time; for many years, we have been kept out of the mainstream, and programs once in a while would come up that would serve our needs. But often deaf people have just struggled to get into the mainstream and to obtain positions of leadership. And really, when it comes right down to it, deaf people can do anything that hearing people can do except hear; we just need the opportunity.

Thank you for listening, Senator Wellstone; thank you very much. [Applause.]

Senator WELLSTONE. I believe the testimony that we just heard was living proof that opportunities for deaf people are indeed limitless. My favorite word in politics is "empowerment" and I think that's what that testimony was all about was empowerment.

Thank you very much.

Mr. BLODGETT. The next speaker is Rick Smith.

STATEMENT OF RICK SMITH, DIRECTOR, AMERICAN INDIAN LEARNING RESOURCE CENTER, UNIVERSITY OF MINNESOTA, DULUTH

Mr. SMITH. Thank you, Senator, for taking the time to be with us today and hear our concerns.

I am Rick Smith, and I am director of the American Indian Learning Resource Center here on campus. I am also a parent, and the chair of the Superintendent's Desegregation/Integration Advisory Committee for the Duluth Public School System.

If you don't mind, I'll read the letter that I have in a packet here for you.

"Dear Senator, I would like to thank you for your obvious overt commitment to higher education. On behalf of the American Indian students, I would like to draw your attention to the few of the needs that the American Indian people have recognized as high priorities for our children."

"First and foremost, we find a need for increased American Indian scholarship funds. Limited financial resources create barriers for our students attempting to enter institutions of higher education."

"Second, without submitting statistics on health-related problems for our people, I am sure you are aware of our dire need. We have a tremendous need for specialized programs which pertain to health career training. It is imperative to have adequate stipends for living expenses, along with funds for tuition, fees and books. Along with that, I would like to recommend the establishment of a school of medicine for American Indian people."

"In addition, we would like you to author an "American Indian Elementary and Secondary Education Science and Math Act" with programs being conducted at the institutions of higher education to bridge the gap between secondary education programs and universities. Even though we have had a slight increase in the number of students pursuing science and math-related subjects, our need is not even close to being met."

"Last, we would like to express our need for American Indian teachers. More importantly, we need role models for our children that are culturally sensitive and empathetic to their needs because they have lived and experienced the same needs."

In summation, again I would like to thank you for your time and your consideration of our needs, and I hope you feel that the time that you have spent here is important. If you have any questions for me, I'd be glad to answer them.

Senator WELLSTONE. Thank you very much, Rick. The time has been well spent, and I do look forward to working closely with you. This is not the end—it is the beginning.

Thank you.

Mr. SMITH. Thank you, Senator. [Applause.]

Mr. BLODGETT. Next on the list is Charlene Childrey from Hibbing.

STATEMENT OF CHARLENE CHILDREY, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. CHILDREY. My name is Charlene Childrey, and I am an early childhood special education major at UMD. Today I was asked to talk about some of the things that those of us who are blind deal with financially besides the numerous student loans and grants that we have to fight with.

My biggest problem is that the textbooks that we use in college. Many of us are told that they are in Braille, and that we can receive them just by sending in to the State. Well, it's not quite that simple. Last spring, I was on a committee that discussed how often they Braille these books and how they are on time for college students. Myself and a good friend were sitting there, and of course we kind of ruined the whole thing when we said, "Well, ours always come at the end of the quarter—that is, if they are returned at all." And of course, the State agency will tell us, "That's because we don't get enough money from the Federal Government."

Then, I guess what we are expected to do is to receive reader service, which at times we do receive some financial help from the State for, but of course, that again they will tell us is limited to what their budget is from the Federal Government.

The biggest problem is that they will come at the end of the quarter. These next 2 weeks, all the reading and all forms and projects that are due need to be turned in, except we need somebody who can read those things to us. Well, most of my readers are students who have plenty of their own work to do. So the frustrating part gets to be at that time when we want to get those projects in, and we want to be done like everyone else, and the next thing you know, you've got to wait for someone else to show up to read it to you; you've got to wait for someone to fill in the form to turn in. And even when you need help to look up in a book what you might need to know, that book is no longer here because it is off somewhere in the State, waiting to be Brailled, and it probably hasn't even been touched yet.

So I guess my basic point is that those of us who are blind are just asking for some extra funding so that we can get our books in Braille, because right now we spend a lot of time counting on someone else to read to us, someone else to help us finish up those projects. We believe in being independent, and we just want the security, the equality and the opportunity that everyone else has.

Thank you. [Applause.]

Senator WELLSTONE. I was going to ask Ms. Childrey one question, if I could. I was listening to you, and I was thinking to myself, given the frustration and the bureaucracy, what keeps you going on?

Ms. CHILDREY. Well, you know, you believe in the opportunity, and you're just going to appreciate it that much more once you get there. And believe me, there are some nights when you just want to say it's easier to throw it all in, but too many people who are blind have done that in the past, and as a result the blind have had a lot harder struggle.

Senator WELLSTONE. Somehow I have a feeling you're not about to throw it in.

Thank you very much. I really appreciate it. [Applause.]

Mr. BLODGETT. The next speaker is Kari Johnson., from Plymouth.

STATEMENT OF KARI JOHNSON, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. JOHNSON. Hi. It is nice to meet you.

Earlier, of the panel you had asked why there is no money for financial aid; is that correct?

Senator WELLSTONE. Go on; I don't remember if I asked that question, Kari, or not.

Ms. JOHNSON. Or something like that, where is the money for financial aid, where does the money go. And I would like to point out that we devote 1.7 percent of the Federal budget to education; 25 percent of it goes to defense, and then some of it goes to other countries.

Where are our priorities? Education should be our first priorities. Students are the future for tomorrow. I want to be a leader, and in order for me to be a leader I need to get a good education. In my situation, I live in a very dysfunctional family, and I have to get out of that family. And moving out of that family, I don't know where I am going to get my financial aid from, because I don't get it anymore.

So it is a scary thing not knowing if I'm going to get financial aid—knowing that I have to work, and I have to pay bills. That is a lot of responsibility, and I would need a lot of help. That is where financial aid comes in.

What we have to realize is that the choices we make, like cutting financial aid, are going to affect us later on down the road. It is just going to snowball so greatly that we are going to get in over our heads.

I'm hear just to voice my concern that we need to really look at what we're doing. We can't just make a decision. We have to look down the road at what it is going to affect. It affects me, and it affects everyone out there, and it affects the children of tomorrow.

Arne Carlson quoted that "Minnesotans are too smart." I feel very defensive toward that. No one can be too smart. We need to realize what our priorities are, and education is a great priority. We can only be leaders if we are educated. You are a father, and you were a teacher; you understand these things. And I hope that when you make decisions you will think about that.

That's all I have to say.

Senator WELLSTONE. That's a lot. Thank you very much, Kari. [Applause.] Kari, I just want you to know we have the same figures up here on the committee chart.

Mr. BLODGETT. Next is Jim Milnes.

STATEMENT OF JIM MILNES, MINNESOTA COMMUNITY COLLEGE STUDENT ASSOCIATION

Mr. MILNES. I am Jim Milnes, from the Minnesota Community College Student Association. We represent 57,000 students, and we

have 22 students here now who have taken off from work and school to be here to show their concern for education, because we're at the bottom, and everything comes down to us at the community college level. The 22 people who are here are from 7 different campuses throughout the State.

Senator WELLSTONE. If they could stand up, that would be great.

Mr. MILNES. Yes. They are all around you.

Senator WELLSTONE. Yes. [Applause.]

Mr. MILNES. As I said to you on Saturday, we would like to see you take a leadership role in helping education, the funding and so forth. We feel that society and the government and business stress education and technical skills and so forth, and yet when it comes time to pay the bill, no one contributes. I think it is going to have to fall on the government, unfortunately.

We have been very occupied at the State level and the merger, with the State universities and technical and community colleges, and I'm not sure whether the university here has been affected. But I'd just like to say that we are very concerned, and if we could somehow through your staff receive what you're going to do on the Federal level and whether, as my colleague mentioned the percent for education, that could be raised.

I'd just like to say we are very concerned, and the community college is a very strong entity, and we are going to continue to grow and work for the stability of the future of education. [Applause.]

Senator WELLSTONE. Jim, just quickly, we did have a sign-up sheet for people who have come in today, and we should stay in very close touch. This is just part of a process. The writing of the legislation will go on this summer. There will be a number of different initiatives that come out of this. Some will be easier to pass, some will be harder to pass. I certainly want to send that back to you. I want what I do in Washington to be rooted in advice from you.

So yes, we will stay in close touch with you. My office will send information out to people; you can count on it.

Mr. MILNES. Thank you, Senator.

Senator WELLSTONE. Thank you very much.

Mr. BLODGETT. Next on the list is Jennifer Alstad.

STATEMENT OF JENNIFER ALSTAD, LEGISLATIVE DIRECTOR, UNIVERSITY OF MINNESOTA STUDENT SENATE

Ms. ALSTAD. Senator Wellstone, my name is Jennifer Alstad, and I am the legislative director for the University of Minnesota Student Senate.

My work with the State legislature over the course of this past legislative session has really brought home the importance of a strong Federal financial aid program.

In Minnesota, we have a shared responsibility model for administering financial aid. That means that in a financial aid package, whatever dollars the Federal Government does not provide, the State will, or at least will try to meet up to the shown family need. This is extremely relevant when we recognize that our tuition offset in the State legislature last week came at the expense of

higher fees for nursing homes. When I look at that State pie picture and how the Federal Government impacts it, I really begin to recognize that the pie is limited, and the portion for higher education is in fact shrinking.

Within the reauthorization, I'd like to talk about three things: the grant-to-loan ratio, your general question about how do you feel when people say there's not enough money for higher education, and then finally, a direct student loan program.

First of all, with the grant-to-loan ratio, in 1980, 60 percent of all financial aid was given in the form of grants and the remaining 40 percent given in the form of loans. Today, that ratio is exactly opposite. We need to change that ratio so students aren't forced into huge debt by the time they graduate from college.

At the University of Minnesota, the average debt load is $9,800 at the beginning of a student's senior year, so they still have 1 year to go. If we believe that higher education is a great equalizer, we need to recognize that extreme debt loads erode that goal. If you compare students who need to borrow against those who do not, you find that lower-income students who borrow around $15,000 to complete their college educations take 12 years to pay off that student loan. The relative difference in net financial worth when they pay that loan off after 12 years out of college is $30,000 when you compare them with the student who was able to just pay as he/she went and didn't incur any debt. Four years later, 16 years out of college, you see that their net difference in worth is $44,000. So you are talking about people who are not that far into their adult lives, people who are still in their mid-30's, and you can see what happens to their earning power.

Within the Federal financial aid program since 1980, the program has fallen $10 billion short for students if you use the Consumer Price Index, and that gets even worse if you use a student price index. The program then has fallen short by about $14 billion.

This is really important for students in Minnesota because we have a limited sort of list of things we need to buy. For example, textbooks. Last year, the cost of textbooks increased by 36 percent, and there was virtually no way for a Consumer Price Index to factor that in, even though that is probably anywhere from 10–15 percent of a college student's budget.

The second thing I'd like to talk about is the general notion that there is not enough money to invest in higher education. We say we have a will to make a strong investment in America's future through investment in higher education and that what we lack is the dollars. Yet, throughout the course of the Eighties, national defense spending increased by 156 percent; Social Security payments by 100 percent, and because that is an entitlement program, there is nothing we can do with that, and it is a just program. But interest payment on debt that the United States has incurred increased by 100 percent.

Education, on the other hand, increased by only .1 percent throughout that period. This tells me that it is not the dollars we lack; what we lack is the will to make tough choices about how we are going to set priorities in this country.

Another thing we hear on the State level is that students really need to bite the bullet; we need to work more; we need to turn off the TV and quit watching those soap operas. Higher education is a necessity, and the debt loads that students are willing to assume really show that people understand that. If you look at self-help indicators like work loads, using minimum wage as a baseline, in 1964 and 1965 when the first reauthorization took place, it took 100 hours to pay for 2 years of instruction at a public institution. In 1989, it took 240 hours to pay for that same 2 years.

This all tells me that we need a reprioritization of dollars spent at the national level so higher education is in fact affordable for people.

Finally, I would just like to make a brief comment on a direct student loan program. I believe that this program could free up $400 million additional dollars for financial aid, which could go into grants instead of loans. Right now, banks make a huge profit off student loans, charging from 3 to 12 percent annual interest, but they don't incur any risk, unlike the rest of the business community. If a student defaults, the Federal Government just picks up the tab.

So in conclusion, I would just like to say that I concur with you on the idea that we need a new set of national priorities. I think we do need to see higher education as a fundamental part of a new national defense. Higher education is no longer a privilege.

Senator WELLSTONE. Thank you very much. [Applause.]

Mr. BLODGETT. Next on the list is Darby Lang.

STATEMENT OF DARBY LANG, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. LANG. Welcome to UMD, Senator.

My name is Darby Lang, and I attend UMD; I am from Burnsville. I am a third-year student, and I'm 21 years old, and I am a graphic design major.

I would like to also address the grant-to-loan ratio. Regarding information I received from the Higher Education Association recommendations for the reauthorization act, currently, Pell Grants are based on the total cost of tuition, and you can receive up to $2,300 if I am correct on that. In the recommendations under Title VI for Pell Grants, it states that they were thinking of increasing that amount up to $4,000, and after that it would be based on the Consumer Price Index, that it would stay up with the cost of living.

My question is if you are going to raise the Pell Grant to $4,000, and if that is going to be based on need, need-based Pell Grants, and if this is going to be based on the total cost, where is this money going to go? Which students need the money more? Students from private institutions need the money more because private institutions are generally more expensive than public. So I see more Pell Grants going toward the private institutions versus the public institutions, and I guess my question is are the public institutions even going to see any kind of change within the Pell Grant system if the amount is raised, but the percentages are going toward private institutions. Is my question clear?

Senator WELLSTONE. Yes, the question is clear. Actually, on the Pell Grant, I think—to go back to what we talked about earlier—there are two issues. There is the issue you raise as to what percent of that money would be allocated to students attending private institutions as opposed to public. I have not seen that costed out in terms of the projection. I think it is a valid question and an important one.

I think an even more fundamental question, since I do not want to see students at private schools pitted against students at public schools, has to do with the proposal right now from the administration is to go up, I thought, to about $3,700—maybe it is $4,000—on the Pell for the lowest income—and again, I can't emphasize this enough—but to them reduce eligibility to the point where almost all of it becomes targeted to students who come from very low-income families, $10,000 and under or thereabouts, in which case another 400,000-plus students are probably going to become ineligible. So I think the bigger issue is to think about a Pell Grant program that reaches well into moderate and middle-income so that you don't play off low versus middle or private versus public. I think that is a central point.

Ms. LANG. OK. I just wanted to stress that point.

Senator WELLSTONE. You want to register that as a point that you want me to look into and be very aware of; absolutely.

Ms. LANG. Yes. I want that to be considered as well.

Senator WELLSTONE. Sure, sure, absolutely.

Ms. LANG. All right. Thank you.

Senator WELLSTONE. Thank you very much. I appreciate it. [Applause.]

Mr. BLODGETT. Next on the list is Milan Kovacovic.

STATEMENT OF MILAN KOVACOVIC, FACULTY MEMBER, UNIVERSITY OF MINNESOTA, DULUTH

Mr. KOVACOVIC. Good morning, Senator Wellstone.

I am a faculty member at UMD, and I'll just speak for myself; I don't represent any group.

As a faculty member, I am very concerned about the escalating student loan crisis. College graduation used to be a happy time. Now it is a time of anxiety for most students. It is when they have to face repayment of those loans. I might be a little paternalistic in saying this, but I am beginning to view the loan situation as almost like the drug situation. I feel it incumbent to warn students about that. Even when the loans are available, they have recourse to them, that is right now kind of a desperate situation, and they do it—but there will be a point when they will have to repay them. And this is the only kind of loan for which you cannot file bankruptcy, by the way. In the 19th century, there were debtors' jails; bankruptcy laws were established to avoid this unfortunate situation. This does not apply to student loans, however.

So I think this has been said throughout the morning, but I want to emphasize that this has reached really crisis proportions.

One of the speakers mentioned earlier that the banks incur no risk; so all you have to do is be a student, and you will get money.

But it creates a situation—I don't want to call it irresponsibility, but I would call it desperation.

There are some suggestions I'd like to make to address this issue. One is perhaps thinking again about a national service program, a nonmilitary national service program for 18 year-olds. I think it would be a very beneficial thing for a lot of young people to be essentially free from responsibility for a year to do some work in different parts of the country, to have a collective experience often for the first time. It would be an educational experience in itself and would help a lot of 18 year-olds clarify their goals.

As a follow-up to that, I would also like to see a study of a 3-year B.A. rather than a 4-year B.A. as exists now. Most countries in the world have a 3-year undergraduate period. It is often said that the reason we have 4 years in the United States is because in high school there are a lot of other activities besides academics, which are good activities and which I support as well, but I think with a combination of a national service program, more maturity of entering students, and so on, a 3-year B.A. might be a conceivable option.

Thank you. [Applause.]

Senator WELLSTONE. Thank you. It is pretty interesting—and I'm sure a number of you will have this experience—it is pretty interesting when you are holding a hearing—and I know some of you will be doing that, those of you who are interested in public service—and one of the best friends in your life comes up to testify. And Milan is one of the best friends I have in the world. Thanks, Milan. I appreciate it.

Mr. BLODGETT. Next is Mike Lofstrom, Lakewood Community College.

STATEMENT OF MIKE LOFSTROM, STUDENT, LAKEWOOD COMMUNITY COLLEGE

Mr. LOFSTROM. Hi. I'm Mike Lofstrom from Lakewood Community College, and I'm pretty nervous right now.

I don't know all the facts around this education committee, but what I see is a gap that is widening in education—and I hope this theory isn't too far-fetched, but I kind of relate it back to Hitler, back in the Nazi prison camps, and how he was searching for his perfect race. I think we are searching for the perfect educational race, when what we are really doing is committing genocide. We are killing off those students who do not have adequate funds to achieve an education.

I guess I also see down the line somewhere that this society will be the same as it was back in the 1600's, where only the rich could afford to be educated, and the poor were easily controlled because those who are not educated in the ways of society are less likely to question.

I've got to tell you, Paul, I am questioning, and it seems to me all these people who are here today are questioning.

That's pretty much it.

Senator WELLSTONE. Your statement is brief, but if I could add to it, because I really think it goes in an important direction, the idea that if we are serious about self-governance—and if I could just add

to what you said, Mike—we have talked a lot today about the connection between education and the economy. There has been a lot of discussion about that. But I think that one of the things that Mike is talking about is the connection between education and democracy. You have to have citizens who can think on their own two feet and ask questions. We really run the risk of not being able to have the capacity for self-governance, which is critical to a democracy, unless we invest in education and have women and men who can think on their own two feet and ask the question. I think it is a very, very important point you make, and thank you very much.

Mr. LOFSTROM. Thank you for putting it so fluently. [Applause.]

Mr. BLODGETT. Next on the list is Don Barnes.

STATEMENT OF DON BARNES, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Mr. BARNES. Senator, thank you for coming today.

My name is Don Barnes. I am a member of the UMD community. I have a completed major and am working on a second one right now.

As the road determines the development of a Nation, education and educated peoples determine the greatness of a Nation. Using those two factors, the educational road is in bad need of repair because of perceived lack of concern from Washington. There are fewer and fewer stopping points along that road—the educators—to direct the travelers—the students—around the hazards that can create problems within the educational system.

The United States seems to be ignoring this problem. The educational road is becoming increasingly narrow, with less access for all types of people. We see tremendous problems in K through 12, not to mention postsecondary education, and I guess I can relate this to a story I saw a couple weeks ago on Channel 8 of a businessman who had an opening for jobs in his plant; over 1,000 applicants applied for the position. During that time, they decided to give a standard education test. Eighty percent of the applicants failed.

I have seen small increases over the years that I have attended the University of Minnesota, Duluth, but those increases have been adding up to great amounts of money. We are constantly seeing lipservice from Washington, DC about the commitment to education, but that too is mostly a hum from Washington until the election year, when Senators and Representatives and the President put themselves into chorus lines, and it sounds great, but again we see no action.

I know we are in a period of fiscal conservatism—for some Federal programs, anyway—but we need to repair our educational road, and I have one way in which we can do that. It is a small start. For a student who is full-time, three quarters, I think that student who is working and trying to earn money for education should be allowed to work tax-free without paying Federal taxes. In Minnesota we see that for every one dollar invested in student education, you get three dollars back. So maybe if we could apply that correctly, if you are saving $200 in taxes now, maybe the Federal Government at some point in time will get $600 from you.

We need to find new ideas to help repair the roads because roads should be paths for all people of all backgrounds, and that road should lead to bright horizons for future productive, educated citizens.

Thank you. [Applause.]

Senator WELLSTONE. Thank you, Don, very much.

Mr. BLODGETT. Next on the list is Paula Rossi.

[No response.]

Mr. BLODGETT. Roberta Juarez.

[No response.]

Mr. BLODGETT. Paul Ojanen.

[No response.]

Mr. BLODGETT. David Morgan.

STATEMENT OF DAVID MORGAN, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Mr. MORGAN. Hi, Senator. I am David Morgan. I am from Minneapolis, and I live here on campus. I am a member of Alpha Phi Omega, a national service fraternity here on campus.

I am here to talk about a more specific issue, not quite as broad as a lot of these have been. I am here to talk about the independence issue as far as the family financial information packets go.

I'll start off by saying that before you are considered independent, according to this pamphlet, you must first meet certain specifications. The first one is that your parents must not have claimed you for the last 2 years. If you do not meet this specification, you are not considered independent.

My first question would be what makes a person who has claimed himself on taxes for 2 years any more independent than a person who has claimed himself for 1 year. To me, both of these persons should be considered independent.

Next, those people who have met that first specification must go on to another set of specifications which require you to prove that you have had financial resources of $4,000 or more for each of the 2 years prior to the first year you receive financial aid. For a lot of people, I think this information is not relevant to proving their independent status.

I will use myself as an example just to illustrate this point. For me to qualify for independent status for the 1990-1991 school year, I have to prove that I had resources of $4,000 or more for 1986 and 1987, which brings me to my second and final question and/or complaint. What relevance does my income from when I was 16 and 17 years old have on the 1991-1992 school year, at which time I will be 21 years old, and what relevance does that have to my independent status? I don't see any relevance between these two. We're talking about a time period four and 5 years before this school year.

I feel that both sets of specifications that I have spoken on here today need some improvement or at least some revision in the pamphlet. I have spoken with a number of people, and they have the same complaint, that this independence thing is stopping a lot of people from getting the financial aid that they deserve, and because of these specifications, there will be a larger number of stu-

dents in debt when they do graduate. So I'd like to see some changes made in this area.

Thank you very much.

Senator WELLSTONE. Thank you, and before you get up, David, I also wanted to point out to you, along the lines of some of the concerns that you have, that I think the current proposal now from the Bush Administration is that we go from 24 to 26 for establishing independence, that in order to be viewed as independent, you need to be 26 years of age or older. You should know that.

Mr. MORGAN. So let me get this straight. You would have to be 26 years of age or older to qualify as independent. Even though this is my third year of school——

Senator WELLSTONE. It is a proposal; it is not the law. But the reason I mention this to everyone is—and believe me, I have been very restrained about the administration, and I have tried to say very few words, really—but I want people to have this information because I think it invites input. That is the proposal, which doesn't mean it becomes the law. As far as I am concerned, it shouldn't become the law. I just wanted you to know that that is an even more restrictive definition.

Mr. MORGAN. To my knowledge, to get around these specifications, if you are 24 years of age as of now, you are considered independent. My consideration is for those students whose parents cannot help them, their parents cannot contribute their supposed share of support that the Federal Government thinks they should be contributing, and now these students are covering the costs themselves.

Senator WELLSTONE. I know. I hear you, and I thank you for bringing it up. It has not really been focused on today, and it is a really important part of this. Thank you very much.

Mr. MORGAN. Thank you. [Applause.]

Mr. BLODGETT. Next on the list is Keith Wyche.

STATEMENT OF KEITH WYCHE, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Mr. WYCHE. Hi. I just walked in, so you'll have to excuse my unpreparedness.

I am a first year medical student here at UMD, and I can tell you when I graduate, my debt will probably be well over $60,000 or $70,000, including my undergraduate loans and so on.

That has a lot of problems associated with it. One that we all need to be concerned about is that as tuition is increasing and Federal money is decreasing, the purpose of the school here at UMD is to graduate rural docs, who are desperately needed, and as this money that we have is decreasing and our debts are increasing, it is forcing students to look at subspecialty areas in medicine that pay high—which makes sense, because why should we have all this debt? But this could really hurt Minnesota, and I just bring that up because I hope that when decisions are being made in Washington or wherever that you'll look way into the future and see how this could affect a lot of different things.

That is a specific example, but the main problem is basic to everybody, whether you are an undergrad or a graduate student—we

need more Federal money, we need low-interest loans. For me next year, tuition, room and board, books, everything, is $20,000.

Pell Grant is a joke every time I check is off on my application because I am a middle-class American, and you have heard that argument many times.

Senator WELLSTONE. Right.

Mr. WYCHE. The Stafford Loan, the most I could get is $7,500 a year; that doesn't even come close to what I need. So I am forced to take out these loans that—I have a name for them, but I'll tell you that they are just bad loans—the SLS, the SELF loans. They have tremendous interest rates, 12 percent. We're getting close to Master Card and VISA here. I could almost do better.

Senator WELLSTONE. Yes, that's right.

Mr. WYCHE. One of the loans, I'm having to pay back my interest now, while I am in school. I am paying $120 per term for one of these loans, as I am in school. That increases each time I have to take out one of these loans, so next year when I have to take out another one of these loans, by the end of next year I will be paying $250 a term; by my third and fourth years, I will be paying well over $500 a term just on interest alone while I am in school.

Senator WELLSTONE. Let me ask you a quick question. Are you from Minnesota?

Mr. WYCHE. I am a Minnesota resident.

Senator WELLSTONE. From where?

Mr. WYCHE. From Minneapolis.

Senator WELLSTONE. And was your decision to attend UMD medical school in part based on your interest in practicing medicine in a rural area?

Mr. WYCHE. Yes.

Senator WELLSTONE. So—and I started out with this question earlier with the chancellor—given this incredible debt on present course, if we don't make changes—and I agree with you, believe me, we should—you won't make, as they say, the "big bucks" practicing medicine in a rural community; how could you do it?

Mr. WYCHE. Well, how we do it is a really good screening process in the admissions office. You have a lot of people devoted to the needs of Minnesota and rural medicine here. But what I'm saying is that if these debts go much incredibly higher, then people will start saying, "God, I could go into ophthalmology and make $200,000 a year. Why shouldn't I do that when I've got debts?" And it is just going to hurt Minnesota, and that is our State, that is your State and my State. We need to look at that.

Senator WELLSTONE. One thing I can tell you real quickly is that first of all, by virtue of being on this education subcommittee, second of all, by virtue of working on health care policy which is a real strong interest of mine, and third of all, by really caring fiercely about rural communities and always trying to emphasize what we need to do there, I appreciate your testimony, and I can't over-promise, but I sure can promise to fight very hard for these changes because you are right on the mark, right on the mark.

Thanks a lot.

Mr. WYCHE. Could I say just one other thing?

Senator WELLSTONE. Sure.

Mr. WYCHE. And these are real piddly things, probably stuff that you guys don't think about, but they cause me a lot of stress. On this application, the FFS thing, they require us to provide our income, but they make us provide our previous year's income. I am 26 years old even though I look like I'm still in high school. I worked in the real world for 4 years and had to put my last year's income. That is what they based—and I'm told this is what they government says, that they have to do it—okay. So you know as well as I do if I make $20,000, I don't have $20,000 to pay tuition, because that's just not the way it works.

Another little piddly thing is that I'm being told that starting next year, there is going to be a 30-day wait for students to get their Federal money from the time their terms start. This is a real concern, because when does the registrar's office ask for money—when the term starts. When does my landlord ask for money—right from the very beginning. So this is something that we are told is going to start happening.

Senator WELLSTONE. Yes. Roberta mentions to me that that is just for first-time borrowers. And that might make you feel better, but it wouldn't make first-time borrowers feel better.

Mr. WYCHE. Yes, right. There are still a lot of first-time borrowers who should know that.

Senator WELLSTONE. Absolutely.

Mr. WYCHE. That's all I have, Senator. Thank you.

Senator WELLSTONE. Thanks. I appreciate it. [Applause.]

Mr. BLODGETT. We have five more people on the list.

Senator WELLSTONE. There are five more, and we're going to try and give everybody a chance to speak. Everybody is doing a good job of staying within the limit. So let's continue.

Mr. BLODGETT. Next on the list is Sandy Peterson from Cloquet.

STATEMENT OF SANDY PETERSON, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. PETERSON. I am Sandy Peterson, and I am one of the many nontraditional students back at UMD again; we seem to outnumber the world here today. And I am an art student to boot, so my major expense beyond tuition—which I understand is going through the roof next year—is child care because I have little kids, and then an art major is a real expensive major. What scares me is that as Federal funds drop and drop to the institution, right now the art department is a wreck. The equipment is breaking, and because of the cuts already, they can't even fix the equipment that is down in the art department—and how they're going to run it next year, I really don't know. So what bugs me is they are going to increase the tuition by 25 percent over 2 years, but the services the college offers are less. I personally have gone into debt, plus being funded by all the grants I can get because I'm part of the working poor, as they say, but if I can't finish my degree I will still be underemployed, with part of a degree, which is how I have been now since 1965, and now in debt for the student loans that I've had to get in order to try and finally get a college education. So that scares me to suddenly be even older and still have part of a degree, which is

worthless, I know, because I have done that for a lot of years now; and then to have maybe $10,000 to $12,000 in student loans to boot.

I understand the State of Minnesota is trying to put a law through to make full-time student level in order to get State aid 15 credits a quarter starting next fall, and putting a cap on at 180 credits, in which case I might not even be able to finish up next year because of putting that cap on credits, which I am told includes old credits.

So it is real spooky, and if we are going to have an educated society, and everybody is going to participate and be empowered, you have to be able to have a chance to go to school and increase your education and change your mind—if you change your major now, you are really in trouble because there isn't the funding to go that extra time period.

So I hope—and I know you'll work hard for us, because you do—but to try to get more funds into education. If they don't mind tripling the national debt in order to jack up the military, they can sure do some things to help students get through college.

Thank you.

Senator WELLSTONE. Thanks, Sandy. [Applause.]

Mr. BLODGETT. Next is Brian Gaus.

STATEMENT OF BRIAN GAUS, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Mr. GAUS. Hello, Senator. Thanks for coming up to join us on this December/May afternoon.

My name is Brian Gaus. I am a teaching social studies major with political science concentration and a psychology minor here at the University of Minnesota, Duluth.

I just want to make a brief statement, touching on a little bit of ideology versus practicality as far as going to school today. This is kind of off-the-cuff, and I didn't plan this until I came in here, and I scribbled it on the seat, so it's not going to be as organized as some of them but I hope you can catch the message.

First of all, I have heard considerable rhetoric on the "family unit" in American society today from one of our major political parties in the country. This same party has in the last 10 years changed the emphasis from grants to pay-back loans, which in my opinion benefit only the banks; and some of the people here have talked about that already.

Today our society and the country is patriarchal, and that is partly encouraged, in my opinion, by the same party and the administration that is in power today. Under this set-up, women continue to earn I think the figure is only 60 cents per ever one dollar that a man earns.

Now, keeping these things in mind, I find that this loans instead of grants emphasis for financial aid is detrimental in two major ways. First of all, from a purely practical standpoint, no feelings involved, I question what is the motivation for single men to get married if they have to assume a substantially unbalanced share of a family financial repayment because the woman, although she is taking 100 percent of her income to pay back her own loan, only earns 60 cents of a dollar; this is an unbalanced thing that has to

be borne by the man, or borne by the whole family overall. I see that as being detrimental to a lot of people who will say, "I just can't afford to get married right now."

No. 2, with both members of the couple beginning the marriage in debt, there is an incredible amount of stress resulting from things like financial aid/loan repayments along with all the other cost of living expenses. This is probably going to come to a head in the critical first 5 years of the marriage, and these pressures have a way of adding up and could actually result in the termination of the marriage—in other words, the "D" word.

Senator WELLSTONE. Did you say the "D" word?

Mr. GAUS. Divorce.

I believe the current trend of the Federal Government to encourage the awarding of loans rather than grants and financial aid packages is in direct conflict with the needs of the family in today's society. Such a debt-creating set-up increases the domestic pressures facing a young couple, adds to the potential of antisocial behavior, including neglect, abuse, and perhaps eventually divorce resulting from these pressures. All in all, I find this to be quite contradictory to the national rhetoric emphasizing the family as a unit.

Thank you.

Senator WELLSTONE. Thank you, Brian. [Applause.]

Mr. BLODGETT. Next is Jim McCarthy.

STATEMENT OF JIM McCARTHY, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Mr. MCCARTHY. Hi, Senator Wellstone.

I am Jim McCarthy. I am presently a student here at UMD, and I live on campus at 16D Village.

I have a couple of concerns regarding financial aid—and I'm coming from a different aspect, I think, than anybody has talked about today.

I am presently a middle-class person, and I don't receive any financial aid at all. Presently, I have many friends who are receiving enormous financial aid. What is really weird is how they can work over the summer, and as long as they spend the money they make over the summer on cars, clothes, or personal benefits, they can still come up with the same amount of money; yet they have so many more things.

If you ask people on campus, "How can you afford to go on spring break?" they say, "Well, my financial aid check is coming in."

To me it just seems like a big misuse of money, and the big question here is where are we going to get the money to help the other people who really need it. So I would ask you to maybe look at the process through which people receive financial aid—not necessarily make it harder, but look at how they get it. I think it should be a direct program where the loans should not be touched by the students, but should go directly to the school, to the landlord, so the money is not misused, because when kids receive, say, $750, at this age a lot of them just don't know how to use it. They are not

trained well in high school in how to manage money, so it is just blown.

Another thing I'd like to mention is—I'm sorry, Senator, that this is totally impromptu right now, but it has been in my heart for a couple years——

Senator WELLSTONE. That's fine.

Mr. MCCARTHY [continuing]. If you could just look over the financial aid issues. I love financial aid for people—I don't receive it, but I think people should get it. For example, my roommate last year had enough money in loans to pay for his entire school, but yet at the end of the year he had an $1,800. Supposedly, that is to be used to pay off those loans, but the government should not have given him $6,000 of loans. They should have given him $6,200 in loans, which at the end, $1,800 would have made up the $6,000 flat, and then his extra money should have come through working in the summer.

So I'd just like you to look into the process by which financial aid is granted.

Senator WELLSTONE. Do you remember that other point you were going to make, Jim?

Mr. MCCARTHY. That was just the example of my roommate. And again, he was needy, but I'm just saying there are a lot of other episodes of misuse.

Senator WELLSTONE. I really appreciate the fact that you have come up and presented a different perspective and given some different examples. Thank you for doing that. [Applause.]

Mr. BLODGETT. Next is Amanda Peterson.

STATEMENT OF AMANDA PETERSON, STUDENT, UNIVERSITY OF MINNESOTA, DULUTH

Ms. PETERSON. My name is Amanda Peterson. I represent something similar to Mr. McCarthy. I am from a middle-class family. I get $4,000 in loans each year, and by the time I graduate I am going to owe $20,000.

Something I really want to stress is that it is really hard for me to be motivated to go to school when I will have to pay $20,000 once I graduate. My alternative is to possibly work in a day care center and maybe make $6,000 a year—if I'm lucky. It is so frustrating for us because you need and to get anywhere in this world now, and like someone said before, it is not a privilege, it is a necessity.

Someday, I want to educate students in high school to show them that they need to go on and make lives for themselves because there are opportunities; we live in the land of opportunity, and I'd really like to see them be able to go on. By the time I get to teaching students, they are not going to be able to afford it.

So I'd really like to stress that President Bush says he is the education President; I'd like to see that happen, and I think with people like you behind him, I have faith in that, and I just know that someday we hopefully will all be able to afford to go to college, have an education and make something of ourselves and no longer have to be grunt workers, but actually have a reason to be here.

Senator WELLSTONE. Thank you. There were two things I was going to mention real quickly, and I know we're running out of time. One, you said the alternative right now would be to just go into day care at $6,000. I just think that to be involved in developmental child care is a really important profession, and I would like to see people have the opportunity to get the background and get really involved in that work—but it shouldn't be paying $6,000. I taught at the college level for years, and to use a fancy social science word, you can make the empirical case that the evidence suggests that working with kids at ages one, two, three, four and five may be a lot more important in terms of what they are able to do than what happens at the college level.

The second thing I was going to say is when you said "land of opportunity," there has been a lot of different testimony but one thing that gives me an eery feeling about what I have heard today is I felt like from time to time over the past "x" number of hours I have heard some students, be they traditional or nontraditional, come pretty close to saying, "Land of opportunity—where is the opportunity?" It has come close to that. Where is the opportunity? That is pretty frightening to hear.

Thank you. [Applause.]

Ms. PETERSON. Thank you.

Mr. BLODGETT. Brian Jensen.

[No response.]

Mr. BLODGETT. I'd like to go back to Roberta Juarez, who has come in.

Senator WELLSTONE. Ms. Juarez, thank you for joining us.

STATEMENT OF ROBERTA JUAREZ, COORDINATOR FOR GENERAL DISABILITY SERVICES, UNIVERSITY OF MINNESOTA, DULUTH

Ms. JUAREZ. Thank you. I was happy to find out about the hearing today, and I apologize for being late. I was putting some final touches on what I need to talk to you about this afternoon.

Senator Wellstone, my name is Roberta Juarez, and I am the coordinator for general disability services here at the University of Minnesota at Duluth. I would like to take these few minutes to explain to you some of the difficulties that exist for students who have disabilities and for those of us whose responsibility it is to provide programs and services for those students.

Section 504 of the Rehabilitation Act of 1973 mandates that: "No otherwise qualified handicapped individual in the United States . . . shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

This was, and still is, an invaluable piece of legislation. It prepares students for the opportunities that they will have when the Americans with Disabilities Act goes into effect.

However, 504 does not include in it directives regarding who should foot the bill for these accommodations. Currently, the access center here at UMD provides students who have a variety of disabilities including physical, learning, hearing and visual impair-

ments with these services so that the students with disabilities will have a fair educational experience.

Section 504 mandates that this be done. Yet the access center competes with nonmandated programs for funding. Therefore, we often find ourselves in the position of having to decide whether we should provide what is best for the student or what is most cost-effective. Ultimately, the service is provided, but may not be provided to meet the full needs of the student. In the end, the student loses.

If the student happens to be a client of the Division of Vocational Rehabilitation, or DRS, that agency may assist in paying at least in part for the necessary services. However, they may not provide full reimbursement. If the student does not get services from DRS, the accommodations they need are no less necessary. And by the way, those services are also, of course, provided.

The responsibility of the university is not only to students but also to the community. The university sponsors programs and activities which are open to all. Sometimes "all" includes people who have special needs, and accommodations must be made. When asked to provide accommodations such as interpreter services for people who are hearing-impaired, the department sponsoring the activity frequently feels that their budget would be hard-pressed to pay for the service. Once again, the access center provides the service without quite knowing who will provide reimbursement.

In conclusion, we know we should provide the services; we know we must provide the services; we just sometimes do not know how we can afford to provide the services. As I stated in the beginning of my testimony, Section 504 is an important piece of legislation to postsecondary students with disabilities, but without the financial backing to provide the actual services on an individual basis, it doesn't mean much.

Interpretation of Section 504 also allows accommodation through decreased credit load and increased time to complete degree requirements. Unfortunately, Federal financial assistance programs, to the best of my knowledge, do not recognize this. Therefore, although students with disabilities frequently find it necessary to take a decreased course load or to extend their time at the university, they cannot receive the full financial assistance to which they are entitled.

Senator Wellstone, when you go back to Washington, please remember that in order for students with disabilities to get the quality education that they deserve, funding must be provided to ensure the support services that they need.

Thank you very much. [Applause.]

[Copy of "Section 504—The Law and Its Impact," submitted by Ms. Juarez, follows:]

implement for program modifications may include these options:

- Modify or substitute foreign language or mathematics course requirements.
- Allow part-time enrollment instead of full-time study without affecting financial aid status.
- Permit examinations to be proctored, read orally, dictated, or typed.
- Allow the proctor to clarify examination questions that are unclear.
- Allow extra time for completion of examinations.
- Increase the frequency of exams or quizzes.
- Change the test format (e.g., multiple choice to essay).
- Permit basic four function calculator-stand standard desk dictionaries during examinations.
- Use alternative methods for students to demonstrate course mastery (e.g., a narrative tape instead of a journal).
- Review final drafts of term papers with a proofreader and make changes without altering content.
- Provide specially trained tutors for content courses.
- Provide readers, scribes, or notetakers.
- Secure removal of structural or architectural barriers.
- Utilize computer software programs to assist in test-taking and study skills development.

AHSSPPE

Association on Handicapped Student Service Programs in Postsecondary Education

The Association on Handicapped Student Service Programs in Postsecondary Education (AHSSPPE) is a nonprofit organization of persons from the United States, Canada, and other countries committed to promoting the full participation of individuals with disabilities in college life. The Association has been established to strengthen the professionalism of individuals who are involved with services for students with disabilities.

AHSSPPE was founded in 1978 to address the need and concern for upgrading the quality of services to students with disabilities in postsecondary education. The mission of the Association is to provide unique leadership, focus, and expertise for professionals. This mission is supported by the Association's commitment to:

- Communication
- Networking
- Professional development
- Training
- Research
- Advocacy

For Membership information contact:

Membership Director
AHSSPPE
P.O. Box 21192
Columbus, OH 43221
(614) 488-4972 (V/TDD)

Section 504

The Law and Its Impact

AHSSPPE

Association on Handicapped Student Services in Postsecondary Education

655

What Is The Law?

Section 504 of the Rehabilitation Act of 1973 states that:

"No otherwise qualified handicapped individual in the United States . . . shall, solely by reason of his handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

One of the first areas that required further elaboration in the Act concerned the term "qualified handicapped individual." Congress passed the Rehabilitation Act Amendments of 1974 in an attempt to clarify participant eligibility.

"(a) Section 7(6) of the Act was amended by adding the following new sentence: 'For purposes of Titles IV and V of this Act, such term means any person who (A) has a physical or mental impairment which substantially limits one or more of such person's major life activities, (B) has a record of such impairment, or (C) is regarded as having such an impairment."

Who is Protected Under the Law?

A "qualified handicapped person" is defined as one who meets the academic and technical standards requisite to admission or participation in the institution's programs and activities. This would include students with any of the following disabilities:

AIDS
Alcoholism
Blindness/visual impairment
Cancer
Cerebral palsy
Deafness/hearing impairment
Diabetes
Drug addiction
Epilepsy
Heart disease
Mental illness
Mental retardation
Multiple sclerosis
Muscular dystrophy
Orthopedic, or speech problems
Perceptual handicaps, such as dyslexia, or developmental aphasia

What is the Impact of the Law on Postsecondary Education?

Subpart E of Section 504 is applicable to all postsecondary educational programs and activities which receive Federal financial assistance. In brief, colleges and universities must be free from discrimination in their recruitment, admissions, and treatment of students. Reasonable accommodations in the academic program must be made by the educational institution to insure maximal participation by all students with disabilities. Under the provisions of Section 504, colleges and universities may not—

- Limit the number of students with disabilities admitted.
- Make preadmission inquiries as to whether or not an applicant is disabled
- Use admission tests or criteria that inadequately measure the academic level of blind, deaf, or otherwise disabled applicants, because special provisions were not made for them.
- Exclude a student from a course of study.
- Counsel a student with a disability toward a more restrictive career.
- Measure student achievement using modes that adversely discriminate against the student with a disability.
- Institute prohibitive rules that may adversely affect students with disabilities.

Colleges and Universities could be required to—

- Extend the time permitted for a student with a disability to earn a degree.
- Modify teaching methods and examinations to meet the needs of students with disabilities.
- Develop course substitutions or waivers for students with disabilities.
- Make available such learning aids as four-track tape recorders, word processors, and pocket spell-checkers for students with disabilities.

According to the HEW regulations, accommodations need not produce the "identical result or level of achievement."

What Can Colleges and Universities do to Implement Program Modification Provisions?

Colleges and universities have sought to implement program modification provisions by developing affirmative programs that stress individualization and personal attention. For college students with disabilities "academic adjustments" may include adaptation of the manner in which specific courses are conducted, the use of auxiliary equipment and support staff, and modification in academic requirements. These students need support services or programs that can provide them with sufficient flexibility to meet the demands of a postsecondary institution.

"Reasonable and timely" accommodations that postsecondary institutions can

Senator WELLSTONE. Ms. Juarez, your testimony was well-reasoned and very tightly argued, and I will certainly remember this testimony, and it will be part of what I do in Washington, I can tell you that. I thank you very much.

[Letters submitted by Marc Lewis Peterson from concerned students, follows:]

DEAR COMMITTEE BOARD MEMBERS, PANEL MEMBERS, (PLEASE CLARIFY)

I SIT BEFORE YOU TODAY TO GIVE TESTIMONY ON THE SUBJECT OF HIGHER EDUCATION AND FINANCIAL AID AND WHAT THIS MEANS TO ME. PLEASE BEFORE I BEGIN LET ME TELL YOU I AM. MY NAME IS MARC LEWIS PETERSON. I WAS BORN IN MINNEAPOLIS. I LIVED THE FOR 13 YEARS BEFORE MY FAMILY MOVED UP NORTH TO THE DULUTH, CLOQUET AREA I DID NOT GRADUATE FORM HIGH SCHOOL BUT DID OBTAIN MY G.E.D. LATER I ENTERED A VOCATIONAL TRAINING PROGRAM AT FOND DU LAC RESERVATION THOUGH STAPLES TECHNICAL INSTITUTE FOR CARPENTRY TRAINING AND ON THE JOB TYPE SCHOOLING. I DID GRADUATE FORM THIS PROGRAM BUT WAS IN A SERVER CAR ACCIDENT AND ON THE ADVISE OF SEVERAL DOCTORS, WHO STATED, THAT I WAS NO LONGER SUITABLE TO DO MANUAL TYPE LABOR FOR ANY LENGTH OF TIME. BUT INSTEAD I SHOULD SEEK SOME KIND OF ADMINISTRATION TYPE JOB OR RELATED FIELD. AFTER A FEW YEARS OF WRESTLING WITH THIS PROBLEM I DECIDED TO RETURN TO SCHOOL. I STARTED AT F.D.L. COMMUNITY COLLEGE AND WILL GRADUATE SPRING QUARTER OF 92. THEN I HOPE TO TRANSFER TO SAINT SCOLASTICA. I CAN NOT EVEN SEEK EMPLOYMENT TO HELP, BECAUSE I HAVE NO USEFUL OR RELATED JOB SKILLS FOR THIS KIND OF WORK. THAT IS WHY I AM IN SCHOOL NOW TO SEEK SUCH SKILLS. AT FOND DU LAC COMMUNITY COLLEGE I HAVE RECEIVED PELL GRANTS AND TITLE SEVEN SCHOLARSHIP MONEYS TO FURTHER MY EDUCATION I COULD NOT HAVE DONE SO WITHOUT IT. SO DEAR MEMBERS THIS IS WHAT I AM HERE TO TESTIFY ON. BEING A MINORITY WITHOUT THE MEANS TO SEEK AN EDUCATION IS A WASTE OF INTELLIGENCE AND OF TIME BETTER SPENT PRODUCTIVELY. THIS

IS ONE OF MY PERSONAL GOALS. NOT ONLY TO BE A PRODUCTIVE MEMBER IN THIS SOCIETY. BUT TO BE A POSITIVE ROLE MODEL FOR OTHER MINORITY PEOPLE AS WELL. NOT JUST MY OWN PEOPLE. BUY BEING THIS EXAMPLE IT CAN BE SHOWN THAT THERE IS A CHANCE FOR THEM, SO THEY CAN RETURN OR FURTHER THERE EDUCATION. BUT NOT IF FINANCIAL AID IS CUT OR STANDARDS FOR AID ARE ~~RAISED~~ changed and Rates are lowered. ON THE FOND DU LAC CAMPUS I AM A PART OF THE STUDENT SENATE I ALSO HEAR and ABOUT OTHER SCHOOLS AS WELL. I AM PROUD TO SAY THAT I BELONG TO A GROUP OF CONCERNED STUDENTS THAT REPRESENT ABOUT 54,000 MINNESOTANS WHO ALSO ARE CONCERNED ABOUT FINANCIAL AID AND THIS IMPACT ON THERE INDIVIDUAL LEVELS AND NOT JUST FINANCIAL AID, BUT ALSO CHILDCARE, AND FOODSTAMPS. I THINK THAT THIS COUNTRY HAS FALLEN FAR, TO FAR BEHIND IN EDUCATION ALREADY PLEASE DON'T LET US FALL TO FAR BEHIND. WE NEED TO BE ALLOWED TO CATCH UP. WHAT MAKES THIS COUNTRY SO GREAT IS THE PEOPLE. EDUCATE THEM AND THERE IS NO TELLING HOW FAR WE CAN GO OR DO. THINK YOU MIGHT BE GIVING THE NEXT EINSTEIN THE CHANCE FOR AN EDUCATION. WE STUDENTS ON THE COMMUNITY COLLEGE LEVEL HAVE BEEN HIT HARD WITH CUTS ON THE STATE LEVEL. WE DO NOT NEED MORE CUTS. IT IS HARD ENOUGH ALREADY WITH STUDYING AND ACADEMIC HOME WORK. WITHOUT HAVING TO WORRY IF WE ARE GOING TO EVEN BE THERE AT ALL. LET ME FINISH BY TELLING YOU WHAT IT IS I WOULD LIKE TO SEE OUT OF ALL OF THIS. A BETTER EDUCATION AND THE CHANCE TO GET EDUCATED FOR ALL PEOPLE OF AMERICA. PERSONALLY I WOULD LIKE TO FINISH COLLEGE AND GET A MASTERS DEGREE IN BUSINESS MANAGEMENT AND A MINOR IN COMPUTER INFORMATION SYSTEMS. I WOULD LIKE TO THANK YOU FOR LISTENING AND THANK YOU FOR YOUR TIME TO HEAR WHAT I HAVE TO SAY. and Sen. Wellstone

I also have a # of letter I would like give you additional to also place on record, these letters are from concerned students and Sen. Wellstone on the Behalf of the M.C.C.S.A (Minnesota community college student ASSOCIation) we would like thank you for your positive role and his issue and your concern for the students of this State and the nation thank you

5-5-91

To Congressional Senator Wellstone,

I am the Student Senate President of Normandale Community College. We currently have over 5,000 regular students who attend our College.

Our Senate, and Student association, MCCSA (Minnesota Community College Student Association) which has over 85,000 students in it, are watching and listening very closely to what is going on in the federal government in regards to education issues.

I would like to take a place to speak and let you know that many thousands of students and people's lives will be changed, and/or are going to lose their chance to attend our universities. They will be considered to be unsuccessful citizens to society, if we take the possibility of a chance to create or make their version of the American Dream.

Please listen. Hear what we are saying. Take action to save funding for the Reauthorization act, Food Stamps, Ect. Education will only relieve us our problems.

Sincerely,
Student Senate President
Normandale Community College
Bloomington, Mn 55431

Senator Wellstone,

My name is Jason Weaver the student vice president of Inver Hills Community College. I am originally from Tennessee, but have presided in Minnesota for over a year. The financial aid program is a great interest of mine that is diminishing. I have no relatives with me in Minnesota and recieve minimal help from the ones in Tennessee. Due to my dependent status, I am involved in the work study program and have recieved a Stafford loan. If there is an increase in the age for dependent status, it might not be possible for me to continue on with ~~higher~~ a post secondary education in MN. I do not understand why monecties of middle income families recieve the grants, that I would like to recieve but don't. The reason I was given for not recieving the Pell grant was because my mother makes too much money. Why does that determine my eligibility for recieving the Pell, when I have not lived at home for over a year? To recieve the Pell, I must file independent on income taxes for 2 years. That will be the year of 92, when I plan to be a junior at 4 year school. Must I struggle and use the social programs to barely survive through college.

Jason Weaver
8415 E. College Tr. #31C
Inver Grove Heights, MN 55076

May 5, 1991

Dear Senator Wellstone,

As a student senator of Normandale Community College, I have responsibility to voice the concerns of the Higher Education Budget cuts. But in this letter I voice MY concerns If this proposal is passed it will effect my life in a large way. If financial aid is cut, I feel I will not longer be able to attend college. I have just moved out of my parents home who have supported me. My family is very disfuntional, and in order for me to do my best in school, moving out was the best and only choice. At this time in my life I need all the help I can get to enable myself to excel with my goals in life.

Education is so important and I'm sure that it is no news to you. But I want to be a leader in the future, and I can only start with my Education today. Senator Wellstone, I voted for you, and so I'm sure you have college students best interest at heart. You a father and I'm sure you want the best for your Children, And this will hit home for us all. You have the power to help us or destroy us and our (my) education. Make your choice. And when you do, I will be at home waiting to hear what my disthy will be.

Thank you!!

Lorie Lynn Johnson

ATTN: Student Senate
NORMANDALE COMMUNITY COLLEGE
9700 France Avenue
South Bloomington, Mn
55431

SUNDAY MAY 5, 1991

TO THE HONORABLE PAUL WELLSTONE:

I AM WRITING THIS LETTER TODAY REGARDING MY CONCERNS INVOLVING THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT. AS A MINNESOTA COMMUNITY COLLEGE STUDENT, AND A STUDENT WHO RECEIVES ~~AID~~ FINANCIAL AID I AM VERY CONCERNED ABOUT ACCESS TO THE AID. OF EQUAL CONCERN IS THE PROPOSAL TO RAISE THE AGE OF DEPENDENCY WHICH IS CURRENTLY AT 24 to 26. AS A LEADER ON MY CAMPUS, AND HAVING SPOKEN TO SEVERAL OTHER STUDENTS, EACH AND EVERY STUDENT I CONTACTED EXPRESSED THE SAME CONCERN ABOUT THIS. HAVING INFLUENCE ON pertinant committees, I SURELY HOPE YOU WILL DO ALL POSSIBLE to PROTECT THE INTEREST OF THE MINNESOTA COMMUNITY COLLEGE STUDENT.

Thank you
John Thorsen

LAKEWOOD COMMUNITY COLLEGE
STUDENT SENATE
3401 CENTURY AVE
WHITE BEAR LAKE, MN
55110
(612) 779-3317

Dear Mr. Middlestrue: Jan 1991

I'm a forty five year old student at Lakewood community college. I carry three, four or five credit classes each quarter and hold down a full time job. I grant I am not the conventional student, but I have worked with the students in the student senate and they are by majority finding it low attend and working full time jobs. It is very difficult to pay for classes, and books and know with all the cuts the is just an added burden making it even more difficult to attend school.

Two of those children are my own. One of them is in his last year of engineering degree and the other in her third year towards a six year degree in child psychology. All of my children have full time jobs, both are on the honor roll and both worked on campaigns for you, because you believe the higher education they have to live at home and have old cars and make do with the necessities as them my husband and I try to help out.

Education has always been a first on our priorities and I am really concerned that it is most with all the cuts and burden being placed on the student.

Please help in any way you can, by making my concerns known and helping in any way you can.

Please come and visit our campus and talk to our students.

Please keep the bus on track.

By raising the age to 26, then I will be my student who will be able to make it without totally staying at home and working themselfs to death to achieve it.

Thank You

[redacted]
6164 [redacted] St No.
Oakdale, Mn
55128

To: The Honorable Senator Paul Wellstone

Hi. My name is Shirley Wilebski and I am a freshman at Northland Community College in Thief River Falls.

I am receiving a Pell Grant and financial aid at Northland. I am also doing work study. Without this assistance, it would have been very difficult for me to go to college. There is even the possibility that I wouldn't have gone to college and would of had to work full time to support myself and help my mother with expenses - a widow at the age of 66. I don't think a 19 year-old should have to start work right away. My education is very important to me.

I would like to see the advantages of the financial aid packet increase since the other costs of college increase. I wouldn't want my children to be deprived of their educations.

Sincerely,

Shirley Wilebski
voter and tax-payer
Rural Route 1, Box 132
Lancaster, MN 56735

42-925 O—91—22

Dear Honorable Senator Paul Wellstone

I am concerened with the issues of food stamp, financal aid and child care for Students.

I myself am a student at Cambridge Community College Centeral here a wife and two children. My Wife also is a full time Student and we are on Public Assistance. With these cut there would be no way I could continue my education and therefore would be stuck in the same rut in which I am striving to get out of.

It would be greatly appicated that you would support the students and these important issues in that we can not stand for cut that will effect our lives and livelyhoods.

Thank You
Kendall Thoren

Please Respond to:
Kendall Thoren
Rt. 3 Box 457
Pine City, MN
55063

Kris L. Kindall
1275 S. Dellwood
Cambridge, Mn.
55008

5-6-91

Honorable Senator Wellstone,

I am currently a student in the community college system and a recipient of financial aid. I receive the Pell Grant and participate in the work study program and also this year I received a G.S.L.

I am concerned about the proposed cuts in the Higher Education Financial Aid, Food Stamps and Child Care issues. I am married and have two children, without this program I would be unable to continue my education beyond High School level. I am also a recipient of Food Stamps, and I feel that using my Pell Grant as income is truly outragious. This gives people of lower income level a "penalty fine" because they want to better themselves. This is a bit backwards!

Thanks for your time, and please don't forget the needs of <u>every</u> voting student

Sincerely. Kris L. Kindall

May 5, 1991

Honorable Senator Paul Wellstone
For the State of Minnesota
Washington DC

Dear Senator Wellstone:

I am writing to you to ask for your support for the Higher Education Financial Aide - Food Stamps - Child Care Bill under consideration.

Although all legislation programs demand monitoring and updating, it does not necessitate slashing of the funding, budget cuts and substitutions.

Quality education opportunities must continue to be available for all constituents.

Respectfully,
[illegible]
[illegible] District 19
Rt 1 Box 189
North Branch Minn 55056

Dear Senator Wellstone,

I am a community college student writing you to voice my opposition to any cuts in financial aid Rockets I and many of my classmates are now, or soon will be, relying on this support in continuing our education. Thank you for your time and support in this matter.

Thank You,
Mark A. Bray

Mark A. Bray
RT-3 Box 228 V
Grantsburg WI
54840
Cambridge Community College

Cindy Lund
Rt 3 Hillock Rd
Isanti Mn 55040

5/6/91

Honorable Senator Wellstone:

I am a student of the Cambridge Commenety College and feel that the/a any questions about cuts in the act package be considered very damaging to the student's welfare.

I am against endangering the opprotunity of any students education on the basis of finance.

Please allow are students the opportunity to get an Education no matter what their financial situation.

Sincerely:
Cynthia Lund
CCC Student Senate

May 5, 1991

Dear Honorable Wellstone,

I writing you and asking you to support the bill concerning finicial-aid - Child care - food stamps. I would like for you to support this bill with no increases to costs to me as a student.

Being a tradition community college student in Minnesota, I don't feel there should at any more restrictions or less chance of a person getting an education.

Being a voter who did help get you into office, I hope that you will remember my thoughts and wants, when it comes voting. Thank you.

Sincerely,
Michelle Burda
P.O. Box 15
Cambridge, MN 55008

May 5, 1991

Honorable
MR Wellstone

Hi I am writing to you for the third time, about the important subject of higher Education funds.

I am a student at MCC, I work out of the students with disability office. I need extra help (Funding) for some of my courses that I take here. It is the up most important that funding in general remain high so I can finish school, and get on my career going.

Americas needs to support all citizens not what higher education, with out higher Education funding America will not be able to compeat in a global economy.

Thank you again

Steven Tolleen
Box 661
MPLS. MN
55458

Dear Senator Wellstone, May 5, 1991

You're my favorite politician. I believe your values and priorities begin with people. I believe you realize that our country has been holding a very exclusive party. The problem is that ninety-five percent of the people are not invited. Evidence of this is shown in regressive taxation, low wages, and less access to higher education for the "uninvited." Please help to keep avenues open for personal improvement and marketability in the global economy.

Thanks for listening,

David Atkins
1524 LaSalle Av.
Minneapolis MN 55403
612-871-5369

Senator Wellstone, May 5, 1991

As a community college student, I'm very concerned about high education funding. In the state of Minnesota, community college played an essential role of the high education system. In percentage, community college has the highest percentage of enrollment among the other system; There are four system are state university system and technical college ~~are~~ system.

Since this, to cut down the funding of community college is very irrational. Senator Wellstone, ~~xxx~~ I have faith in you. I hope you can help the student of Minnesota Community College in this issue.

Yours sincerely

CHRIS HO.

3007 Johnson Street NE
Mpls MN 55418

Dear Senator Wellstone

On friday May 3rd, I spoke before you concerning federal A.I.D. After I had finished, I came on stage and handed to you over 50 letters from Minneapolis Community College Students. Before I left the stage, you shook my hand and complimented me on the power of my speech. I thank you for the praise, but I want you to understand, that the power of what I said didn't come from me. It came from the desire to succeed that so many Community College Students have, a desire that only the opportunity for Higher Education.

I want to thank you for the Time you have spent listening to students. I hope you give equal attention to these letters so that you will truly understand the needs of Students. However I must point out that all the listening, Reading and understanding will be useless without powerful, Constructive action. Senator Wellstone I ask you on behalf of the 4,000 Students at Minneapolis Community College that you Take this action. I ask you to ensure student voices are heard and that every Student is given the opportunity to succeed.

Thank you

Richard C. Rudy

President of the Minneapolis Student Government

* Peace *

Dear Mr. Wellstone

I'm a 31 year old working citizen who has returned back to school in order to get an education that was not available for me to pursue when I graduated from high school.

After reading the reauthorization act and what the federal government is proposing to follow thru with, I have became very concerned about not only my educational preparations, but the future education of many students.

I would like for you to represent my voice in the Pell Grant issue, higher education act, and reauthorization for student loans. For education is the key to everyones future, whether in homeness or at work. Please take the right action and vote, remark, or what ever it takes to ensure of saving or maintaining the current level of funding for our educational programs.

Thank you for your time and concern on this all important issues.

Sincerely,

David P McDaniel
David P McDaniel
12948 2ND AVE SO
BURNSVILLE, MN 55337

5-5-91

Dear Senator Wellstone:

I write to you today over my concerns of higher education. As you know, 94% of All Minnesota high school seniors Graduate from school. Of those 94%, Approximately 90% of those will go on to higher education within 5 years.

My concerns lay with information I have read in newspapers and have heard on National Public Radio (N.P.R.). In these reports, I have heard that budget cuts will: (1) decrease financial aid (especially middle class) (2) Schools will lose funding (3) and so forth.

This Great Country will not be able to continue if we have dysfunctional schools... who will be our future lawyers, doctors, and like you, teachers and politicians? American workers are already RANKED ninth in the world in wages. And without proper higher education, the United States will continue to relinquish its competitive economic advantage to Japan and Germany.

My educational future, and indeed my entire future, shall depend on your vote for higher education. Please support the future.

Sincerely,

Matthew S. Danielson

Matthew S. Danielson
7444 Cahill Road
Edina, Mn 55439
(612) 942-9647

May 5, 1991

To: Senator Wellstone
Hearings on Higher Education Programs

From: John (Jeb) Beaulieu
Chairperson, Indian Parent Committee
Minneapolis Public Schools

2722 University Ave SE
Minneapolis, Mn
55414

Re: Need for early intervention college preparation programs for American Indians

I would like to advocate for college preparation programs that intervene with students at an earlier grade level. For American Indian students the need for early intervention is critical. Historically, schools have been used as a weapon against Indian people. They have been used to rob us of our language and heritage. This practice has lead to a deep distrust between Indians and the American educational system. Conditions are still negative for Indians in the schools today. Too many educators often have low expectations of Indian students' achievement. Indians continue to have the highest drop-out and absenteeism rate in the nation and rank low in the number of high school and college graduates. We need early intervention college preparation programs that will give permission to Indian students to achieve and enable them to do so.

I would also like to strongly advocate for educational programs that are specifically targeted for the American Indian population. Over the past twenty years of working with Indian students in the public schools, I have seen too many drop out of academic support programs designed for "minorities." American Indians are a distinct tribal people with unique values and behavior. In order for educational programs to succeed with American Indian students, we must acknowledged this distinctiveness in funding and planning programs. You need to help programs like Upward Bound/Vision Quest maintain it's Indian focus and allow more programs to do the same.

5/3/91

To: Senator Paul Wellstone — 3901 Cambridge
From: Marcia Cohen — White Bear Lake, MN 55110
Dir - Financial Aid
Lakewood Community College

Dear Senator Wellstone

I am writing to you as regards the recent letter sent regarding financial aid.

I have been financial aid director at Lakewood Community College since 1974 and have worked with a wide variety of students during this time. I have also seen most of the institutions that have removed all federal financial aid programs & sometimes and am sure I would like to make you aware.

I. The federal requirements regarding Satisfactory Academic Progress for students receiving stops attending the community college for an elective course after a certain number of credits are attempted. Many students do not take daily attendance.

II. The single non head of household income of $15,000 or more is being eliminated from the Stafford loan even though they are barely making it. This is time for those students attending community colleges.

III. The proposals being made on Pell grants will eliminate even more middle income people and potentially put more pressure on the state grant programs which tie their aid into the Pell program.

IV. I do not support loans being given for those students going less than half time since it could already create more problems in default situations.

I realize that this is a complex field and some of the things I've indicated may be over-simplified but I appreciate your consideration of these matters.

If I can answer any questions please feel free to have someone from your office contact me.

Sincerely,
Marcia Cohen
5/3/91

UNIVERSITY OF MINNESOTA

Duluth Campus

American Indian Learning Resources Center

College of Liberal Arts

10 University Drive
Duluth, Minnesota 55812-2496

218-726-6370
218-726-6293
218-726-6350
FAX 218-726-6351
Toll Free 1-800-232-1339

May 3, 1991

Senator Paul A. Wellstone
2550 University Avenue
St. Paul, Minnesota 55114

Dear Senator:

I would like to thank you for your obvious overt committment to higher education. On behalf of the American Indian students, I would like to draw your attention to a few of the needs that the American Indian people have recognized as high priorities for our children.

First and foremost, we find a need for increased American Indian Scholarship funds. Limited financial resources create barriers for our students attempting to enter institutions of higher education.

Secondly, without submitting statistics on health related problems for our people, I'm sure you're aware of our dire need. We have a tremendous need for specialized programs which pertain to health career training. It is imperative to have adequate stipends for living expenses, along with funds for tuition, fees and books.

In addition, we would like you to author an American Indian Elementary and Secondary Education Science and Math Act. Even though we have had a slight increase in the number of students pursuing science and math related subjects our need is not even close to being met.

Last, we would like to express our need for more American Indian teachers. More importantly, we need role models for our children that are culturally sensitive, and empathetic to their needs because they have lived and experienced the same needs.

In summation, our children have many needs, however, these are needs that we feel are most important when it pertains to education.

If you have any questions or concerns please feel free to contact me at your convenience.

Cordially,

Rick Smith

Dear Senator Wallstrom

As a student at Vermilion Community College I would like to say that I support you and I'm grateful for your support of students. I'm on a second year Law Enforcement student and plan to finish the rest of my degree at Brainerd and Hibbing Community College to earn my P.O.S.T certification. The proposed budget cut to the higher education system would end my ability to further my training and one day serve the public. I believe that people should invest in the future of the younger generations for they are the ones to serve and or provide for the future.

CHARLES KOONTZ
VERMILION COMMUNITY
COLLEGE STUDENT
SENATOR

Dear Senator Wellstone, May 5. 199

I am writing to you to express my concerns and the concerns of others I am a community college student and I represent the South Metro Region in the college government System. There are various issues facing federal government that directly effect people involved with higher education. I am writing to ask you to consider the Situations of the people you represent.

College students come from many different backgrounds. Each have needs that must be fulfilled by government services. If these needs are not met, the welfare of the Students and the state suffer. People need every opportunity to get an education.

Thank You

Laura Fuller

May 5, 1991

TO: The Honorable Senator Paul Wellstone,

I am a student at Northland Community College in Thief River Falls. I hope that the financial aid package increases along with the proposed tuition increases. With the increases in the cost of education so the prices of gas, groceries, and rent.

If it wasn't for education grants and scholarships, I would have never made it to Northland. My mother is 40 yrs. old and has twins in college, which is my sister and I. I feel that if it wasn't for my financial aid packet, I wouldn't be getting a college education.

Sincerely,

Sheryl Wilebski
NCC Student Senate
Member.

5/5/91

Dear Mr. Wellstone,

I cannot tell you emphatically enough how much education means to me. It is my hope, my future, my freedom and my way to change this world. I know of so much talk of how the U.S. is falling behind in the world economy due to lack of education. I fear this, but this is not my main concern. I want to learn for the sake of learning, when I finally apply what I learn there will be benefit for the U.S., but this is not why I ask you to support education as fully as is possible. There will be an emptiness in me if I cannot study, there will be an unfulfilled part of me if I am not allowed to go to school because of insufficient funds. Please support federal funding so we are highest degree possible. Thankyou.

Henry Townsend

May 4th, 1991

Dear Senator Weltstone,

My name is Tammy Alberg. I go to school at Northland Community College and I am a sophomore.

My opinions on financial aid are that there should be an increase in the amount of money that is available to students. Also I do not agree with the fact that the Higher Education finance committee wants to increase to tuition but yet they say not to worry because the financial aid will be increased. Well then I have only 1 question Why increase tuition?

Sincerely
Tammy Alberg

Senator Paul Wellstone;

I am a community college student president and I attended the forum with you at Minneapolis. I feel that you are on the right track on education issues, but I would prefer to see students on the panel. I feel that if you want insight on the community college level you must listen to the persons whose lives you will be affecting.

Thank You.

Stephanie Sanchez
Inver Hills Community College

SENATOR PAUL WELLSTONE,

MY NAME IS SCOTT RAHN, I'VE RECENTLY JOINED THE INVER HILLS STUDENT SENATE. PRIOR TO THIS I HAD NEVER CONSIDERED ANY OF MY CAREER TIME BEING SPENT IN THIS WAY. HOWEVER, WITH THE RECENT THREAT AND RUMORS OF HIGHER EDUCATION BUDGET CUTS, I FEEL THE TIME IS RIGHT FOR ME COMING OUT OF THE WOODWORK. I DON'T MEAN FOR MY SELF BUT FOR THE HUNDREDS OF STUDENTS, VOTERS, AND FUTURE FELLOW CITIZENS AND/OR LEADERS. I'VE ALWAYS ADMIRED THE LEADERS OF MY DISTRICT, COUNTY, AND/OR STATE. HOWEVER, IF THIS ~~GHA~~ PURPOSEFUL TACTICAL GIANT IS ALLOWED TO BULLDOZE OVER CITIZENS/STUDENTS LIVES IN STRATEGY TO ACHEIVE FOREIGN ISSUES IT WOULD BE A GRAVE MISTAKE. I WON'T GO TO DETAIL BECAUSE I BELEIVE YOU AND FELLOW HONORABLE VOICES KNOW THESE ISSUES BETTER THEN THE MAJORITY. STRENGTH IN NUMBERS IS GREAT, BE CAREFUL WHO'S NUMBERS YOU'RE FOOLING. I'VE BEEN PLEASED CONTINUELLY SINCE YOU'VE ~~BECOME~~ BEEN ELECTED, AND LIKE MANY OTHERS FEEL YOUR IN THE RIGHT LANE IN EDUCATION ISSUES. YOUR A GREAT SPEAKER AND I KNOW YOU CAN CONVINCE YOUR PEERS THAT THIS IS A GAMBLE AND UNDOUBTEDLY CREATES LOSES (EXAMPLE, VOTES, EDUCATION POSSIBILITIES, ACCOMPLISHMENT OF OTHER GOALS, SUCH AS HIGHER EDUCATED AND SMARTER AMERICA TOMORROW ETC.) ALL I ASK IS WE TAKE TIME TO PUT THESE ISSUES IN FRONT OF THE MIRROR. THINK WHAT THESE

MAY CREATE. KEEP IN MIND THE MAJORITY OF WOULD BE VICTIMS ARE VOTERS AND HAVE NOTHING TO LOSE ONLY TO GAIN FROM REFUSING YOU DON'T HAVE TO REPLACE A LEAKING FAUCET, WELL DO I TRY TO REPAIR IT FIRST!

P.S. I HOPE THIS LETTER DOESN'T COME OF AS BEING TOO RASH. I ONLY WANTED TO INFORM YOU, SO YOU MAY INFORM OTHERS IT MAY CONCERN WITH I AND I MYSELF AM A STUDENT AND WOULD BE AFFECTED. FORGIVE ME FOR THE LENGTH AND THANKS A DOZEN FOR YOUR TIME. GOD SPEED!

Scott Rada

5- MAY - FFII

The honorable Senator Wellstone;

Please please understand that we have A country that is uneducated. Both you & I suffer because our people are uneducated unable to better themselves. It seems to me that with the cut in Fiancial Aid with in the State OF minnesota We are making extremly difficult to educate Ourselves. I currently I am A Student at mpls community College, I don't need Fiancial Aid. I personally Feel that if we cut people out of education we are cutting our own throats. Please Please Help US educate our people

Sincerly,

Bridget M Murphy

mpls comm college

Honorable, Senator Paul Wellstone

I enjoyed the hearings of the Senate Sub Committee on the reauthorization of the Higher Education Act at Minneapolis Community College on Friday, May 3. I feel very strongly that the future of this country depends on the Federal Government to take more responsibility in educating the people of this country. This means money! The educational system needs more money at all levels. To suggest that we make cuts in the education budget is just plain stupid! It will start a trend and make it much easier for governments at the state level to cut their funding as well. The students of this country are the future of this country. We must make education accessable to anyone who wants to get it.

Thank You Mark Brunbeck
Student Senator
Minneapolis Community College

May 5, 1991

Dear Senator Wellstone,

We are writing to you, because we are concerned about our community college system. The Minnesota Community College system has many beneficial qualities, including: Small class size, individual attention, student to teacher ratio, and low tuition fees. The Community College System is a very effective stepping stone to a four year college. The MCCS is an affordable way to achieve higher education, because there are many students who would miss out on higher education without the two-year program. The higher education deserves the support it needs from Washington.

Sincerely yours,

Hibbing Community College Student Senate
and
Duluth College Center Student Senate

42-925 414

DEAR SENATOR WELLSTONE,

THIS WILL BE SHORT, I'M A CONCERNED STUDENT FROM MINNEAPOLIS COMMUNITY COLLEGE. IN THE PAST YEAR I HAVE BECOME ACTIVE IN OUR SENATE. THE PRESIDENT OF OUR SENATE VALUES EDUCATION AND HAS TAUGHT ME TO DO THE SAME. HE HAS TAUGHT ME ~~THAT~~ EDUCATION IS NOT AN OBLIGATION BUT AN OPPORTUNITY. IT'S NOW THAT I WANT TO START TO TAKE MY EDUCATION MORE SERIOUSLY AND I WANT YOU TO KNOW THAT I'M NOT THE ONLY PERSON WHO THINKS THIS WAY. I ASK THAT YOU THINK ABOUT STUDENTS BECAUSE WE ARE THE FUTURE OF THIS COUNTRY. AN EDUCATION SHOULD NOT BE SOMETHING DIFFICULT TO COME BY.

ANYSSA STONE

Dear Senator Wellstone,

I'm currently a college student at Brainerd Community College. I am a member of the Student Senate and I speak for over 1200 students when I say "Do not cut higher education spending!" I believe we must support our educational structure today or we shall perish as a country later. Education is truly the base of competing in the international market. I don't want America to become second rate. Please support our students and we will support you.

Sincerely,

Tracy H.

Mr Wellstone,

I am writing to you as a concerned student from Cambridge Community College. As Vice President of the Student Senate, I have come into contact with a majority of the students.

I am concerned about the proposed cuts in Higher Education Financial Aid, Food Stamps, and Child Care. We have a great many non-traditional and single parent students attending Cambridge.

These proposed cuts would keep most of them from attending our college and realizing their future dreams.

I urge you to consider the future of these people, and what attending college could do for them. I feel that along with concerns for financial stability the government should start considering the stability of the American people because thats what this country is all about.

I apologize for the sloppiness of the letter but I felt that I must say something now rather than wait to get back to my typewriter.

Thank you,
Sherri L. Mellwright

May 5, 1991

Senator Wellstone,

As students at a community college here in Minnesota, we feel the Reauthorization of the 1965 Higher Education Act should be a high priority of yours. The proposed cuts in funding or of students being funded is not keeping up with the rate of inflation. If we are to have a future in the "global economy", we need to see as many students, like ourselves, walking down the halls of colleges with books in our hands. Many people depend on financial aid in the forms of grants and loans and many of us without the necessary assistance would graduate from college unable to establish ourselves outside of our parents' homes. We feel, in our need for competition around the globe, you must help us to provide the necessary monies to compete. We depend on the assistance and believe you would wish for us to succeed. Please support us in our quest for knowledge.

Sincerely,

Brett J. Eclandson

Scott Vocin

Brett Eclandson Student Senate VP
Scott Vocin Student Senate President
Austin Community College Students

5-5-91

Honorable
Senator Paul Wellstone,

I enjoyed the hearings of the Senate Sub Committee for the reauthorization of the Higher Education Act at Minneapolis Community College on Friday, May 3. I feel very strongly that the future of this country depends on the Federal Government to take more responsibility in educating the people of this country. This means money. The educational system needs more money at all levels. To suggest that we make cuts in education spending is reprehensible. If significant cuts are made at the federal level state governments are sure to follow. The students of this country are the future of this country. We must make education accessible to anyone who is willing to make an effort to get it. Don't feel education is accessible to everyone at this time. I think it's important that the federal government set an example in making changes that are positive and effective.

Thank You

Student Senator
Mark L. Brunbol
Minneapolis Community College

Dear Senator Wellstone

After meeting with you on Friday at Minneapolis Community College I feel I can strongly say that I support you in your efforts. When I came to Minnesota I knew nothing of the political structure. I heard mixed opinions about you, but after hearing you speak about Higher Education I feel that you possess what it takes in Washington to get things done. I am pleased to have you on our side. Without adequit funds many of us would not have the chance to attend school and try to make a better life for ourselves and our families. I urge you to fight for excepting Child Care as eligability for funds, Also I would like to see that each student receives enough money to purchase enough books and supplies without having to "Dip" into what little savings they may have. Again Senator thank you for everything and please keep up the good work.

Scott Giacoppo
mpls comm coll Student Senate

42-925 O—91——23

Dear Senator Wellstone,

I would like to express my thanks to you for your stand in backing the community college system. I feel that higher education is needed, if we are to excel and that can not be accomplished if students can't get help from the government to afford such a venture as higher education.

I come from the small town of Ely, Minnesota. Ely is the home for Vermilion Community College. Though our town is small, it isn't cheap to live there. It also isn't cheap to attend VCC. Ironically, $1500.00 - 2000.00 is an awful lot to pay for furthering my education. In August of last year, I chose to move out of my parents house and into my own apartment. My reasons ranged from personal problems at home to just simply being in town to have better access to the school and work. Needless to say, I ended up back at home after 4 months of my "freedom". My biggest fear now is having to transfer to the Metro (Minneapolis/St. Paul) area next year to attend the University of MN. I am hoping on getting some financial aid next year but, with the proposed cuts I won't have a chance. If the proposed cuts go through I will not be attending the University nor will I get to be a lawyer someday because my need for shelter, food, and clothes will have to succeed my much needed and wanted education.

Thank-you Mr. Wellstone for your concern and God Bless you!

Sincerely,

Paulette Cherne
(Vice Pres., Vermilion Community College Student Senate)

Senator WELLSTONE. This formal hearing of the Subcommittee on Education, Arts and Humanities is adjourned, and thank you, everybody.

[Whereupon, at 2:20 p.m., the subcommittee was adjourned.]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, MAY 9, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES, OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 11:14 a.m., in room SD-430, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell, Wellstone, and Kassebaum.

OPENING STATEMENT OF SENATOR PELL

Senator PELL. The hearing of the Education, Arts and Humanities Subcommittee will come to order.

Today we give specific consideration to our two largest student aid programs, the Pell Grants and the Stafford Loans. As I said at the opening reauthorization hearing in February, with over 70 percent of all student aid Federal in nature, the Federal Government is clearly the dominant player in the student aid arena.

The Pell Grant, our major student aid program, has a fiscal 1991 appropriation of more than $5.3 billion and helps more than 3.4 million students pursue a postsecondary education. Unfortunately where the Pell Grant a decade ago covered 41 percent of the costs of a higher education, today it covers only 29 percent.

One of our primary goals must be to strengthen the Pell Grant program, to increase the amount of aid available to needy students, to expand the reach of the program to hardpressed middle-income families. We must also simplify the application process.

The Stafford Loan program provides need-based loan assistance to approximately 3.1 million students a year. The $4.2 billion we spend in Federal money generates more than $10 billion a year from the private sector. Unfortunately over the past 10 years, the average student's financial aid package has tipped heavily and unfortunately in favor of loans. Where grants once made up 75 percent of the aid package, today loans dominate. We must work hard to redress this imbalance.

We must also work to restore health and public confidence to the loan program. This must mean as well a crackdown on defaults and better, more reasonable program administration. It also means returning the loan program to its original purpose—a program of supplemental assistance serving primarily middle-income families.

I now turn to to the ranking minority member, Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman. I will just save any comments I have for questions to the witnesses and look forward to hearing them.

Senator PELL. Thank you very much, Senator Kassebaum.

We have two panels today, and I believe the witnesses have been urged to keep their statements to 5 minutes so that we can have time for questions.

We'll start out on the first panel with Mr. Robert Knutson, chairman and CEO of the Education Management Corporation, Pittsburgh, PA.

STATEMENTS OF ROBERT B. KNUTSON, CHAIRMAN AND CEO, EDUCATION MANAGEMENT CORPORATION, PITTSBURGH, PA; A. DALLAS MARTIN, JR., PRESIDENT, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, WASHINGTON, DC; JOSE R. GONZALEZ, PRESIDENT, INTER-AMERICAN UNIVERSITY, SAN JUAN, PR, AND EDWARD M. ELMENDORF, VICE PRESIDENT FOR GOVERNMENTAL RELATIONS, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES, WASHINGTON, DC

Mr. KNUTSON. Good morning.

I am Robert Knutson, of Education Management Corporation of Pittsburgh, and I appreciate the opportunity to be here.

The perspective that I bring to this hearing is of one who graduated with honors in economics from the University of Michigan, spent 5 years as a military fighter pilot, 10 years as a corporate finance specialist for J.P. Morgan in New York, and the past 20 years as chief executive of an education organization that has grown from 800 students to 14,000 students, and from 80 faculty and staff to 1,800.

Our employee-owned company has art institutes in major cities throughout the United States which offer a wide range of associate and baccalaureate degree programs. In addition, we have consulting affiliations with universities here and abroad.

The most important point that I would like to make this morning is that we need to consider education as our Nation's number one priority and expenditures on education as an investment with enormous future returns.

In the previous hearing, David Kearns made reference to the full-page national advertisement that ran in recent months in various national magazines, and that advertisement said in effect that education shouldn't compete with our other priorities; rather, it is the solution to our country's needs. I think that is right on the money.

Another way of looking at the value of education is to ask ourselves what is the real wealth of our Nation, what is the real strength. I think it is essentially the sum of the skills of our people.

We need only to look at certain other countries these days which have limited natural resources but have invested in their human potential and have become dominant in the world economic scene.

Those of us in education realize that the Pell Grant program has been the cornerstone of access and choice in postsecondary education. The Pell Grant program needs to be fully funded if access and choice are going to become a reality again for students. I would submit that if we have the political will to invest in our people that we will find the political way to do it.

I believe that student financial aid programs in the 1990's have to have three important characteristics: Integrity, simplicity, and certainty.

Integrity through the proper allocation of responsibility and authority to the U.S. Department of Education, to the States and to the accrediting agencies, and to insist that they do their jobs and that they communicate with one another. Through strengthening the triad of the department, the States and the accrediting agencies and having it be a partnership, we truly can have quality postsecondary education which is focused on student needs and have a properly controlled financial aid delivery system.

Simplicity in that we really can develop a more straightforward and lean method for students and parents to complete the financial aid forms, to receive aid and for education institutions to process the paper. These days, access to higher education has become limited because the financial aid system has become so complicated. We need to make the process student-centered.

Third, certainty, in that I believe that our citizens deserve to know that they can have the opportunity for higher education based upon their interests and their abilities and not be limited by their family financial circumstances.

We need a Pell Grant entitlement to remove the annual question that confronts low-income and middle-income students as to whether funding will be available and if so, how much. We need a much greater budget allocation to the Pell Grant program to deal with the loan/grant imbalance that has developed over the past decade.

As you know, the Pell Grants are worth half what they used to be.

I believe we are talking about our country and our democracy as we know it today, and we are talking about our economic potential as a Nation. We say to ourselves, well, education is important, but there is a limited amount of money. I think we need to ask at the same time can we afford not to compete in the world marketplace.

I urge the members of this committee to allocate more of our Federal budget resources to investment expenditures as opposed to consumption expenditures because it is through investment in our national infrastructure and investment in our people that we will grow and prosper as a Nation.

Last, my organization has been very active in the process of reauthorization of the Higher Education Act, and I have submitted for the record of these hearings our document with 85 specific recommendations for constructive change in delivery of student financial aid.

Senator PELL. Thank you, and I would add that the full statements of all the witnesses will be inserted in the record as if read.

I like your idea of the three points—simplicity, integrity, and certainty—and I'll keep them in mind.

[The publication entitled "Recommentations for Reauthorization of the Higher Education Act of 1965," by The Art Institutes International, Education Management Corporation, submitted by Mr. Knutson is retained in the files of the committee.]

[The prepared statement of Mr. Knutson follows:]

PREPARED STATEMENT OF MR. KNUTSON

Mr. Chairman and members of the Subcommittee on Education, Arts and Humanities. I am Robert B. Knutson, Chairman and Chief Executive Officer of Education Management Corporation (EMC) of Pittsburgh, Pennsylvania. Our employee-owned company operates the eight Art Institutes of Atlanta, Georgia; Dallas and Houston, Texas; Fort Lauderdale, Florida; Pittsburgh and Philadelphia, Pennsylvania; Seattle, Washington; and the Colorado Institute of Art in Denver, Colorado. The Art Institutes International serve 13,000 students in associate and baccalaureate degree programs. Our students come from every state in the union and from 50 foreign countries.

We also provide postgraduate paralegal training to students through The National Center for Paralegal Training and its consulting affiliations with universities in the United States and Europe.

First and foremost, we believe in developing human potential; secondly, we know that student success is everyone's job.

The Title IV student assistance programs were born out of a commitment by our nation's leaders to create opportunity for our people, and to address the country's needs for a trained work force. As Lyndon B. Johnson expressed it, "Every child must be encouraged to get as much education as he has the ability to take." Or, as Dwight D. Eisenhower said as he launched the National Defense Student Loan program, "The security of the nation requires the fullest development of the mental resources and technical skills of its young men and women . . . we must increase our efforts to identify and educate more talent of our nation. This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need."

As Congress reviews and revises the student aid programs for the challenges of the 1990s, I believe there are three important characteristics that must describe these programs: Integrity, certainty and simplicity.

Integrity: Every American taxpayer ought to be assured that the more than $20 billion in federal appropriations for student loans, grants and work study funds each year go to needy, deserving students who attend quality institutions. We do not have that assurance now. This is true largely because the interdependent partners—the states, the regional and national accrediting bodies and the U.S. Department of Education—have not fulfilled their respective responsibilities. The solution is not to throw away the current program and start over, but to delineate lines of authority, hold each partner accountable, and pursue vigorously all those who deceive or commit fraud.

The Triad—the states, the regional and national accrediting bodies, and the Department of Education's eligibility and certification processes—must be strengthened in a way that ensures that well-managed, financially sound institutions are certified and students attending these institutions gain access to the Title IV programs, that effective oversight of all eligible institutions occurs once eligibility is established, and that quality instruction occurs at all postsecondary institutions.

Certainty: Congress, the President, and we in the higher education community who administer the financial aid programs, have not kept our commitment to the American people. We promised poor students grants, but substituted loans. We told middle income Americans they could borrow to help pay college costs, but hen denied them loans because they were not poor enough. We have not assured "access" or some measure of choice in higher education. Only recently have we begun to realize the long-term consequences of not investing in our citizens. We need the certainty of a Pell Grant entitlement to prevent our best and brightest from being saddled with too much debt. We need a Pell Grant entitlement so that low and middle income students can receive education after high school according to their abilities and interests, instead of their economic background. We need a Pell Grant entitlement to demonstrate our commitment to investing in our citizens so that they can commit themselves to completing their education. We need a Pell Grant entitlement to train American's work force of the future.

Pell Grants today are worth half what they were to students 18 years ago when the program was started. Just to keep pace with inflation, the maximum Pell Grant

should be $4,000 instead of $2,400. That might require $10 billion to fund the program instead of the $5.7 billion currently being requested by the Administration. I believe education must be our nation's number one priority, and education expenditures should be considered an investment with enormous future returns. If there is the political will, we can find the political way.

Every low and middle income student, who demonstrates the academic potential and personal desire to successfully pursue a postsecondary education, must be guaranteed access to grant assistance. The Congress must enact a Pell Grant entitlement.

Simplicity: Student aid has grown, and so has the complexity of the forms that needy students must complete. In addition, the number of people who must handle the forms has increased, as the regulations have increased. The student borrower and his family can be readily perplexed because of the multiple parties involved in the aid application process. I know you are well aware of the Financial Aid Form which is completed by a large proportion of financial aid applicants each year.

The form is confusing, far too long, and often represents a barrier to students and their families. We must consider the education levels and family backgrounds of many of those who attempt to complete it. I know we can find a simple and effective way to determine student eligibility without examining each applicant's detailed family income history each year. Let us encourage the Department of Education, working with professionals in the financial aid community, to find a simpler way to make student aid available to those of our citizens who desperately need it.

Any student who has been determined to be poor for any other federal program should not have to again prove they are poor in order to qualify for the maximum Pell or SEOG award or Stafford Loan. In addition, since the family incomes of these students rarely change, they should not be required to jump through the application hoop each year to determine that they are still needy.

My organization has been very active in the process of Reauthorization of the Higher Education Act. I would like to include in the record document which spells out our 85 specific recommendations for constructive change in the administrati0n and delivery of student financial aid.

We have an immense opportunity as we move through Reauthorization. Our challenge is to turn the system around and make it work for students and for our country. With your leadership, Senator Pell, and that of your colleagues on this Committee, I am confident we will succeed.

Senator PELL. We now come to Dr. Dallas Martin, president of the National Association of Student Financial Aid Administrators, and a very old friend of this committee.

Mr. MARTIN. Thank you, Senator Pell, Senator Kassebaum, and Senator Wellstone.

We are delighted to have the opportunity to be with you today to talk about what we can do to improve the Pell Grant program during this reauthorization.

Our association, in anticipation of the upcoming reauthorization, began about 18 months ago by going out to our members at all of our regional hearings and State hearings and so on to solicit input from members of exactly what we would be doing to improve the Pell Grant program.

During the course of those hearings, we heard most frequently the issue that people are very concerned about the growing imbalance between grants and loans in terms of how we are financing young people's postsecondary education. Many of the witnesses presented data which showed that the percentage of their Pell Grant funding at their institutions has declined by one-third to one-half of what it was in 1979. By comparison, they also noted that the current Pell Grant maximum award of $2,400 does not begin to pay for the same amount of educational cost that it did 10 years ago. They felt that the Pell Grant program unfortunately no longer provides either the certainty nor an adequate level of support to make it the foundation program that it was always intended to be.

In turn, these aid administrators are forced to provide many high need students with not only a maximum Perkins Loan, but a maximum Stafford Loan as well, in order to meet their postsecondary education.

We also know, Senator, that research has shown that loans are negatively associated with incentives that encourage low-income minority students to pursue higher education. Therefore today, when the percentage of loans is increasing as a part of a student's overall financial aid package, it is not surprising to us that the overall percentage of minority postsecondary school enrollment is actually declining during a time when the number of minority students are graduating from high school in increasing numbers.

We therefore believe that if we are going to provide the opportunity for all of our citizens to obtain the fullest measure of education that we must significantly increase the Pell Grant program.

Therefore our first recommendation would be that we increase the Pell Grant maximum award to be funded at $4,400 for the 1992-93 award year, and that then we automatically index that award to rise at least $200 each year thereafter but certainly not less than the increases in the Consumer Price Index.

Our reason for establishing the award at $4,400 is an attempt to bring it back to where it was in 1978 after the Middle-Income Student Assistance Act was approved. Now, in the first year following that enactment, the Pell Grant was $1,800. Had we indexed the maximum award by a modest $200 a year, we would today find that the award should be $4,200 as opposed to the $2,400 where it is.

Further, the policy goal of the Pell Grant program has always been that the Pell Grant program should cover up to 60 percent of a student's cost of attendance. Our projections would suggest that the average annual cost at a 4-year public college in 1992-93 will be approximately $7,400. Sixty percent of that is $4,440.

Therefore, we would hope that we would make that change. We would also hope that there would be assured full funding of the maximum award, thereby giving future generations of students certainty that the Pell Grant program will again be the foundation.

Now, we recognize that this will cost some additional dollars to the program. Therefore, we also have come up with some other changes that would impose some restrictions on the current program. For example, our association would propose increasing the Pell Grant minimum award from its current $200 to $400. We would second recommend eliminating correspondence study credit on programs of study that do not have at least a 2-semester residential component to it, and we would make these ineligible for Pell Grants. Third, we would eliminate the award of Pell Grants to students who are enrolled for less than half-time. And fourth, we would propose limiting Pell Grant eligibility for students who are incarcerated to only include direct educational costs that are associated with their course of study, i.e., tuition, required fees, and books and supplies.

In addition, we also have three other changes that we would propose to the program. First, we would recommend that the 5-year undergraduate limitation found in section 411(c) be eliminated. If you look at the law, section 484(c) is a provision that requires stu-

dents to maintain satisfactory academic progress for all Title IV programs. Therefore, this additional time limitation is really redundant, unnecessary, and only creates additional monitoring and unnecessary paperwork on behalf of both institutions and the department.

Second, in order to modify the paperwork, we would eliminate the Student Aid Report. Instead, we would use the existing output document to notify students of their eligibility.

And third, as we have already testified at your hearing a couple weeks ago, we would propose a single need analysis and a single cost of attendance for all Title IV programs, thereby simplifying it.

With these changes, Senator, we believe that the Pell Grant program could return to the foundation program that it was and would really provide students with the certainty of educational opportunity for many years to come.

Thank you for giving us this opportunity to be with you.

Senator PELL. Thank you very much indeed.

[The prepared statement of Mr. Martin follows:]

PREPARED STATEMENT OF MR. MARTIN

Senator Pell and Members of the Subcommittee, it is indeed a pleasure to have the opportunity to appear before you today to express the views of the National Association of Student Financial Aid Administrators (NASFAA) and its more than 3,200 institutional members, on changes that we believe should be made to the Pell Grant Program during this reauthorization.

In anticipation of these hearings and the reauthorization of the Higher Education Act, NASFAA, in the fall of 1989, embarked upon a systematic action plan to enable the Association to develop a set of recommendations that would reflect the views and address the concerns of our diverse membership. To insure that everyone had an opportunity to provide input during our development process, we not only solicited written comments for over 18 months, but we held a series of six formal hearings in conjunction with each of our regional associations' annual meetings. The feedback that was received from this process was then carefully reviewed by a special 10-member Reauthorization Task Force. The recommendations developed by that Task Force were then circulated to our entire membership for further comment, and finally, after some adjustments, approved by our 27-member Board of Directors. Therefore, we feel confident that the recommendations which we will be proposing during this reauthorization represent a consensus of the views of the majority of the financial aid administrators from across the nation who are working at institutions representing all sectors of postsecondary education.

Throughout our deliberations we obtained numerous suggestions on how to improve all phases of the student aid delivery process, as well as suggestions on what needs to be done to strengthen each of the individual federal Title IV student aid programs. Today, however, I would like to specifically present our recommendations on how to improve the Pell Grant Program.

During the course of our hearings, one of the most frequently-stated concerns was the need to address the growing imbalance of available funding between the grant and loan programs. Repeatedly, aid administrators from all types of schools across the country told us that something needs to be done to restore the purchasing power of the Pell Grant Program so that it can again serve as a viable foundation program for students with demonstrated financial need. Witness after witness told us that changes to the eligibility formula accompanied by inadequate funding levels over the past decade have severely eroded the effectiveness of the program for students at their schools. Many of these witnesses presented data which showed that the percentage of Pell Grant funding at their institutions has declined to one-third or one-half of what it was in 1979. By comparison, they noted that the current maximum Pell Grant award of $2,400 does not begin to cover the same percentage of a student's educational cost as it did ten years ago. Similarly, they told us that many of the students who come from moderate middle income families no longer qualify for even a modest Pell Grant.

From their experiences, the Pell Grant Program no longer provides the certainty nor an adequate level of support to make it the foundation program it once was. In turn, these aid administrators are forced to provide increasing numbers of very needy students at the start of their academic careers with not only a Perkins Loan, but a maximum Stafford Loan as well. The result is that some of these higher need students are simply choosing not to pursue postsecondary education, or are becoming so indebted earlier in their undergraduate degrees that it is affecting their education choices and decisions to consider graduate studies.

Research has also shown loans to be negatively associated with incentives to encourage low-income minority students to pursue higher education. Therefore, today, when the percentage of loans is increasing as a part of a student's overall financial aid package, it is not surprising the overall percentage of minority postsecondary school enrollment is declining during a time in which the percentage of minority high school graduates is increasing.

If we hope to provide all of our citizens with an opportunity to obtain the fullest measure of education that will enable them to participate equally within our society, then it is essential that we restructure the Pell Grant Program to insure adequate and predictable funding from year to year. To help insure this is accomplished, we would propose that the Pell Grant maximum award be funded at $4,400 for the 1992-93 award year, and then automatically indexed to rise at least $200 each year thereafter, but not less than the Consumer Price Index.

Our reason for establishing the maximum award at $4,400 is an attempt to bring it back in line with where it was following the passage of the Middle Income Student Assistance Act of 1978. In the first award year following that Act, the maximum Pell Grant was $1,800. Therefore, had the maximum award been indexed in such a manner at that time, increasing it by a modest $200 per year, we would have a $4,200 maximum award for the upcoming 1991-92 award year as opposed to a $2,400 maximum award, and a $4,400 maximum for the 1992-93 award year. Further, the policy goal of the Pell Grant Program is that it should cover up to 60 percent of a student's cost-of-attendance. Our projections suggest that the average annual cost at a 4-year public college in 1992-93 will be $7,400. Therefore, 60 percent of that cost would be $4,440. Further, we propose legislation which would insure full funding of the maximum award each year, thereby giving assurance to current and future generations of students that they can count on the Pell Grant Program to be the foundation program that it must be.

Obviously these changes will increase the overall costs of the program and, therefore, help insure that the Pell Grant dollars are being targeted to the most needy students.

We would also propose imposing some further restrictions upon the current program. These changes would include the following:

1. Increasing the Pell Grant minimum award from its current $200 amount to $400. While we realize that this change will impact a small number of less needy students, we feel that the limited funds must first be used to increase the maximum award to a more realistic level and target the program upon those with the greatest need. We would favor increasing the minimum award, however, only if there is a significant increase in the maximum award.

2. Eliminate correspondence study credit—on programs of study that do not have at least a two semester residential component—from being considered eligible programs.

3. Eliminate the awarding of Pell Grants to students who are enrolled for less than half-time. While opinions on this issue were more divided than on others, a majority of our members supported the concept of restricting Pell Grants to students who are enrolled half-time or more. Budgetary limitations and a belief that it is more important to first fund disadvantaged students who are enrolled on at least a half-time basis, were the two reasons most frequently cited by those in the majority who supported this recommendation.

4. Limit Pell Grant eligibility for students who are incarcerated to only include direct educational costs associated with their course of study (i.e. tuition, required fees, and books and supplies).

In addition to these eligibility limitations, NASFAA would also propose three additional changes to the program. First, we would recommend that the 5-year undergraduate limitation found in Section 411(c) be eliminated. While we support the concept that the program be limited to undergraduate students, the time restrictions included in this section are administratively burdensome and unnecessary. Section 484(c) defines the conditions that all Title IV student recipients must meet in order to be making satisfactory progress consistent with the institutions' graduation re-

quirements. Therefore, this additional time restriction is not necessary, and only results in unnecessary paper work and duplicative monitoring.

Second, we recommend that the Student Aid Report (SAR) currently required by the Education Department be eliminated, and that the output document provided to the student by the Department's multiple data entry processor be utilized instead as the official eligibility notification to both the student and the school. The SAR is a creation of the Department and not required by law. As such, it is a duplicative output form for most students that could be eliminated.

Third, we are proposing the implementation of a single need analysis system and a single cost-of-attendance for all Title IV programs. Ms. Natala Hart, who serves as NASFAA Commissioner for Governmental Affairs, presented the Subcommittee with an overview of our proposal for these changes on April 26. In keeping with our goal to simplify the whole student aid application and delivery process, we feel that these changes must be made. Therefore, I encourage you to incorporate those changes, along with the programmatic modifications we have made today, to help restore the Pell Grant Program to its proper role as the foundation of the federal student assistance programs.

This concludes my testimony, Mr. Chairman, but I would be happy to respond to any questions that you or the Subcommittee have regarding our proposals. Again, thank you for providing us the opportunity to present our recommendations.

Senator PELL. We now come to Dr. Jose Gonzalez, president of the Inter-American University in San Juan, Puerto Rico.

Mr. GONZALEZ. Good morning, Mr. Chairman and members of the subcommittee.

I am Jose Ramon Gonzalez, president of the Inter-American University of Puerto Rico, the largest private university in Puerto Rico, as well as the largest Hispanic institution in the United States, with a current student population of more than 41,000. Accompanying me today are Father Vincent Van Rooig, president of the Association of Private Colleges and Universities of Puerto Rico, and from Inter-American University, Estela Lopez, vice president for academic affairs, and Maria Isabel de Jesus, assistant vice president of finance.

Before I begin to discuss the Higher Education Act, I would like to provide you with an overview of the higher education system in Puerto Rico. We have a dual system consisting of a large private sector of 30 institutions, and a public system of 8 institutions. In 1990, approximately 156,000 students were enrolled in the higher education system. Of that number, 62 percent were in the private sector, and 38 percent were in public institutions. Of those students in private institutions, 82 percent graduated from public schools, the remaining 18 percent from private schools. The latter group came primarily from higher income families.

The higher education institutions in Puerto Rico are committed to continue offering a quality education. For example, in order to expand the opportunities of our students and faculty, we have entered into agreements with several Stateside universities. Unfortunately, cost remains as probably the principal consideration in whether a student will or will not have access to a higher education institution. This is more so in Puerto Rico, where more than 62 percent of our families fall below the poverty line.

Tuition at the State university is $15 per credit hour, while at private institutions, it averages $85 per credit hour. Average students in Stateside colleges paid approximately $6,000 for tuition and fees in school year 1984–85, while at our institution in 1986–87, our average student paid $2,200.

We have not raised tuition and fees in the last 3 years, to avoid further financial burden to our students. Our institutional data indicates that last year 87 percent of the approximately 41,000 undergraduates were Pell Grant participants. For 77 percent of that group, parent contribution was $100 or less of the Pell Grant average cost. Of the 37,000 students who applied for financial aid last year, 70 percent had annual family incomes of less than $12,000.

Of all the financial assistance programs, the Pell Grant has had the most significant impact by guaranteeing the participation of lower-income students in higher education.

Our experience leads us to submit for your consideration the following recommendations for Title IV. The Pell Grant award should be determined on the basis of 60 percent of the Pell Grant cost of attending instead of limiting the award to a fixed amount.

In cases of students from families below the poverty level, and who also live in areas with an unemployment rate higher than the national rate, the minimum student contribution should be removed from the family contribution formula.

The Federal Government should encourage State governments to provide additional financial aid to programs such as the State Student Incentive Grant which has a matching requirement.

Pell Grant recipients should be permitted to receive grants to cover more than one full-time academic year of study during a 12-month award year period and be allowed to extend the period of eligibility for Pell Grants by one academic year.

We support the establishment of equal yearly amounts which students may borrow from each year of college study in the Stafford Loan program for undergraduates.

Before I conclude, Mr. Chairman, some thoughts on Title III programs. The only ones focusing toward strengthening developing institutions which educate a large percentage of minority students.

I strongly recommend that the Title III program be maintained in the reauthorization as it is presently structured, but with additional funds appropriated. In addition, I urge that the current set-aside for minority institutions be retained. It is import and is clearly shown in Puerto Rico where 14 of the 17 current Title III projects qualify as a result of the set-aside for minority institutions.

In conclusion, the challenges of the past such as offering the best possible education to the people of Puerto Rico in spite of limited resources and spiralling costs have committed us to try even harder. We need to reinforce our partnership with the Federal Government to find new ways to respond to the needs of today's society.

Mr. Chairman, since the creation of the Pell Grants, your name in Puerto Rico has come to symbolize access to a quality education. Before I finish, I want to invite you to observe first-hand an educational experience that your vision helped evolve.

Thank you, and we will be happy to answer any questions you may have, but please include my entire statement for the record.

Senator PELL. Thank you very much, Dr. Gonzales.

[The prepared statement of Mr. Gonzales follows:]

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PREPARED STATEMENT OF MR. GONZALEZ

Good Morning, Mr. Chairman and members of the Subcommittee. I am José Ramón González, President of the Inter-American University of Puerto Rico, the largest private university in Puerto Rico with a current student population of 41,427 distributed in ten campuses throughout the Island.[1] Accompanying me today are: Father Vincent Van Rooig, President of the Association of Private Colleges and Universities of Puerto Rico; and from Inter-American University, Estela López, Vice President for Academic Affairs, and María Isabel de Jesús, Assistant Vice President of Finance.

Before I begin discussing the Higher Education Act, I would like to take a minute to provide you with an overview of the Higher Education System in Puerto Rico, since I believe understanding our system will facilitate understanding our needs. We have a dual system consisting of a large private sector of 30 institutions, and a public system of 8 institutions, for a total of 38 institutions unevenly distributed within 75 locations across the Island.[2] A total of 47% of these are located in the San Juan Metropolitan area, where 29% of the 3.5 million inhabitants of Puerto Rico live.[3]

During the academic year 1989-90, 156,147 students were enroled in the Higher Education System. Of that number, 62% or 97,207 students were in the private sector, and 38% or 58,940 were in public institutions. In the last ten years, enrollment in private universities has increased 87%, while the increase in the public sector has been a marginal 10%. Access to the less

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1 Inter-American University of Puerto Rico. Statistical Report. Fall Semester 1990-91.

2 Puerto Rico Council on Higher Education. Statistical Compendium. 1989-90.

3 1990 Population Census.

affluent students is being provided by the private universities, while the more affluent attend the State University.[4] Tuition at the State University costs $15 per credit hour at the undergraduate level; while at private institutions, it costs an average of $85. At our Inter-American University, the cost is $75 per credit hour.[5]

We believe the most important issues facing Higher Education in Puerto Rico are the following:

1. The relationship of the Island to the mainland United States and the implications and impact of the migratory movements.
2. The role of the Higher Education System in Puerto Rico in providing quality education to minorities.
3. The characteristics of the student population.
4. The costs and benefits of attending college in Puerto Rico vis-a-vis attending college stateside.

I will explain each of these issues and make some general and specific recommendations concerning Titles III and IV of the Higher Education Act.

MIGRATORY MOVEMENTS:

Because of the economic condition in the Island, the Puerto Rican population on the mainland quadrupled between 1940 and 1950, and tripled again by 1960.[6] But in the 1960s, it was becoming evident that large cities on the mainland were not offering opportunities for economic mobility and educational opportunity. Lack of economic mobility in the United States caused many Puerto Ricans to return to Puerto Rico during subsequent

[4] 1990 Population Census.

[5] Puerto Rico Association of Private Colleges and Universities, 1990-91.

[6] U.S. Census Bureau.

decades. Most recently, Puerto Ricans who migrate to the mainland have a college degree or at least a high school diploma. In 1983, 53% of the people migrating to the mainland U.S. had 16 years or more of schooling and were employed. The trend today is for a person with a postsecondary education to migrate to the mainland in search of better job opportunities, especially in those fields already saturated on the Island. This situation reverses the original movement patterns which created an economic burden for the United States Government. Today, this migratory movement provides human resources, capable of dealing with the demands that result from a growing minority population in the United States. Of course, the improved educational preparation of Puerto Ricans also contributes to create a better educated labor force on the Island.[7]

ROLE OF HIGHER EDUCATION:

Minority institutions are highly committed to providing students with academic knowledge and skills that will prepare them for participation in the work force. Institutions in Puerto Rico have played a critical role in supplying human capital to various economic sectors in the Nation, especially in the fields of Science, Engineering and Technologies.

Our ability to compete in an increasingly global and technologically driven economy is essentially dependent on our capacity to recruit and retain those traditionally underprepared groups in technical disciplines. It is a known fact that minorities, and especially Hispanics, will play an increasingly significant role in the workforce of the future.

The Inter-American University, a multicampus, non-profit institution, establishes its academic programs on the premise that students should

7 The Puerto Rico Planning Board, 1983 and 1989.

broaden their intellectual interest as well as prepare themselves in the best possible way to earn their livelihood. It accomplishes this by offering a wide array of programs and services directly related to job opportunities and the need for human resources in both the public and private sectors. The Inter-American University has maintained its accreditation by the Middle States Association since 1944. Some of the professional programs of the University are also accredited by organizations such as the American Bar Association, the Council on Optometric Education, the Council on Social Work and the National League of Nursing.

In order to offer our students and faculty the best opportunities possible, we have established consortium agreements with universities such as the University of Maryland at College Park, the University of Pittsburgh, Florida Atlantic University, Florida Institute of Technology, Penn State University, with several State Universities in New Jersey and most recently, Long Island University and Brook Haven National Laboratory. These agreements enable our students to take courses, complete programs and do research at these institutions. We also receive exchange students from the mainland for periods of time that may vary from a summer session to a year.

CHARACTERISTICS OF THE STUDENT POPULATION:

The student population attending the institutions of Higher Education in the Island has the following characteristics:

- 62% of all College students attend private colleges and universities.[8]
- 82% of the students in private institutions come from public secondary schools, and

[8] Puerto Rico Council on Higher Education, Statistical Compendium, 1989-90.

- the remaining 18% comes from private secondary schools.

The latter group comes primarily from families with higher income levels. This means that generally higher income students attend the public university system at a lower cost for themselves but a higher cost for the government, while the poorest students attend the private system where costs are higher for them but lower for the government. The state university has maintained a set of admission criteria which de facto have limited the access of low income students to their system. Therefore, the private colleges and universities, including Inter-American University, are in reality the pipeline to Higher Education for students form the lower socio-economic levels.

The availability of both federal and state funds for student aid has enabled many students, who otherwise would not have been able to do so, to get a college education.

According to a recent study, private colleges and universities educate two out of every three professionals in Puerto Rico.[9] During the last decade, these private colleges and universities have substantially enhanced their academic and institutional quality.

Most importantly, universities are not only providing access to lower income students, but are also graduating them. In the year 1989-90, 19,495 university degrees were awarded: 8,827 (45.3%) by the public system and 10,668 (54.7%) by private institutions. Of the total degrees awarded, 2,503 were graduate degrees. Inter-American University awarded 3,951 degrees, or 20.3% of the total degrees awarded.[10]

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9 Villamil, Joaquín: "La Situación del Sistema Universitario y Propuesta para una Nueva Legislación", 1991.

10 Puerto Rico Council on Higher Education, Statistical Compendium, 1989-90 group.

THE COST FACTOR:

When we compare the cost of a college education on the mainland with that in Puerto Rico, we find that educational costs in Puerto Rico tend to be lower, and the institutions still maintain the academic standards required by the accrediting agencies. Research shows that in 1984-85, an average student on the mainland paid $5,665 for tuition and fees while two years later, at the Inter-American University, an average student paid $2,203.[11] We have not raised our tuition and fees in the last three years to avoid adding further financial burden to our students. This way, we have increased their opportunities of completing their educational objectives.

This broad view of the higher education scene on the Island supports the position that Puerto Rico has thus far succeeded in providing educational opportunities to a vast number of first generation minority students from the lower economic classes, thereby improving their opportunities for success as a minority group.

STUDENTS FINANCIAL ASSISTANCE - TITLE IV:

In Puerto Rico, student financial aid is synonymous with access to university studies. As we will show with institutional data, the availability of Federal Student Aid is the most important factor in guaranteeing the participation of lower income groups in higher education.

According to the Bureau of Statistics of the Puerto Rico Department of Labor and Human Resources, the unemployment rate for Puerto Rico was 14.2% in the 1990 Calendar Year. The highest unemployment rate is for the 16 - 24 year old group (30.4%). Almost 70 percent of our students are within

[11] Inter-American University of Puerto Rico, Planning Office.

this age group. Therefore, education to them is the best option for the fulfillment of a productive life.

At our Institution, nearly 100% of our students are Hispanic residents of Puerto Rico who come from low-income Puerto Rican families. Most of the students (62%) who applied for financial assistance in 1989-90 depend on their parents. Out of 39,727 undergraduates who attended this Institution during 1989-90; 34,528 (87%) were Pell Grant recipients.[12] These participants were distributed by annual family contribution (PGI) as follows:

PELL GRANT PARTICIPANTS

BY ANNUAL FAMILY CONTRIBUTION

1989-90

PGI IN (U.S.) $	*STUDENTS*	
	Amount	*Percentage*
$100 or less	26,358	77
$101 to $500	4,261	12
$501 to $900	1,958	6
$901 to $1,300	1,143	3
$1,301 and above	808	2
TOTAL	34,528	100

This table reveals that 77% of our Pell Grant participants' parents were able to pay for only 2.4% ($100 or less) of the Pell Grant average cost at Inter-American University. This average cost was $4,202 for fiscal year 1989-90. The Table also shows that 89% (77 + 12) of the participants' parents for the same period could pay for no more than 11.9% (up to $500) of this cost.

12 Inter-American University of Puerto Rico. Office for Student Financial Aid.

B

The 36,555 students who applied for financial aid in 1989-90 had annual family incomes as illustrated.

APPLICANTS FOR AID BY

ANNUAL FAMILY INCOME AND ACADEMIC LEVEL

1989-90

	UNDERGRADUATE STUDENTS		*GRADUATE AND PROFESSIONAL STUDENTS*		*TOTAL STUDENTS INTER-AMERICAN UNIVERSITY*	
ANNUAL INCOME	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Less than $6,000	13,471	38	408	38	13,879	38
$6,000 - $8,999	7,175	20	105	10	7,280	20
$9,000 - $11,999	4,352	12	121	12	4,473	12
$12,000 - $14,999	3,211	9	107	10	3,318	9
$15,000 and over	7,282	21	323	30	7,605	21
TOTAL	35,491	100	1,064	100	36,555	100

This Table shows that 70% of the applicants had an annual family income of less than $12,000. To be under the poverty level, a family of four members must have an annual income of $11,661 or less. Thus, at our Institution almost 70% of the applicants come from families below the poverty level. The differences in percentages by academic level are not significant.

STUDENTS NEEDS:

Even though attendance cost as determined by the Pell Grant Program is less than the actual cost, the following illustration gives an idea of student needs:

9

In 1989-90, the average cost of attendance for Pell Grant participants at Inter-American University of Puerto Rico was determined to be $4,204. The total Pell Grant cost for all participants was $145,162,960. The average Pell Grant payment was $1,796. The difference, that is, the amount not met by Pell Grant ($2,408 multiplied by 34,528 participants), leaves a remaining need of $83,143,424. This means that close to 60% are not covered by Pell Grants.

In other words, in addition to Pell Grant, our students had to use other resources to cover the cost of their education. The following Table lists the Pell Grant and those other resources:

RESOURCES USED TO MEET STUDENT NEEDS

STUDENT AID

1989-90

FEDERAL	Pell Grant	$62,019,536
	Supplemental Educational Opportunity Grant	2,187,824
	College Work Study	3,830,302
	Perkins Loan	2,180,828
STATE	State Student Incentive Grant (State and Federal)	302,582
	Educational Fund	1,934,518
	Legislative Scholarship	660,010
INSTITUTIONAL	Institutional Aid	1,178,199
FEDERALLY GUARANTEED	Guaranteed Student Loans	16,244,199
	TOTAL	$90,537,998

This table shows that our students received a total of $90,537,998, including the portion paid to our graduate students. Our Pell Grant

(Revised)

participants, as mentioned before, after receiving this Grant still had an unmet need of $83,143,424. To meet this need, they had the following available resources:

Expected Family Contribution (PGI)	$ 9,065,608
Financial Aid in Addition to Pell Grant	28,518,462
	$37,584,070

RECOMMENDATIONS:

Our primary purpose at the Inter-American University is to provide access to students and retain them so they can achieve their educational objectives. Therefore, we want to make certain that the reauthorization of the Higher Education Act continues to support the education of the underrepresented Hispanic minority.

For this reason, we offer for your consideration the following recommendations:

- The Pell Grant awards should be determined on the basis of 60% of the Pell Grant cost of attendance instead of limiting the award to a fixed maximum amount.
- In cases of students from families who live in areas with an unemployment rate higher than the national, the minimum student contribution should be removed from the family contribution formula.
- It is recommended that the following sections be amended by eliminating the period at the end and adding "except for students from families below the poverty level living in areas where the unemployment rate is higher than the national rate":

  475(g) 1 (A)

475(g) 1 B

476(b) 1 C

477(b) (1)

- The Federal Government should encourage the State Governments to provide additional financial aid funds through programs like the State Student Incentive Grant which requires matching.
- We also support the establishment of equal yearly amounts which students may borrow from each year of college study in the Stafford Loan Program for undergraduates.
- Pell Grant recipients should be permitted to receive grants to cover more than one full-time academic year of study during a twelve-month award year period and to extend the period of eligibility for Pell Grants by one academic year.

TITLE III:

Inter-American University is committed to offering its students, full time and part time, graduate and undergraduate, adult and traditional, male and female, the best quality education possible. Yet, we are also aware of the cost involved in keeping our academic programs competitive; of the need to prevent our educational support services such as libraries, labs, and other technology from becoming obsolete; and of the need to guarantee that our faculty members have the best preparation possible and are up to date in their discipline. To us as an institution, these are the main challenges we have identified for the next decade.

In this respect, the Strengthening Institutional Programs, specifically Parts A and C under Title III, have been of significant help towards strengthening our Institution as well as others.

At present, there are 17 programs at different post-secondary institutions in Puerto Rico that are being funded through Title III. Of these, 14 programs were granted based on the set-aside for minority institutions.

At Inter American University, some of our most innovative projects were started with funding from Title III. Two such examples are the following:

Computer Labs for faculty were established at several of our campuses so that the faculty could learn to use modern technology in the teaching-learning process. Inter American University has expanded this project with institutional funds and today each campus has its own faculty computer lab. As a result, faculty involvement with computers has increased significantly throughout the University.

A computerized academic advising system is being developed at our largest campus with Title III funds. The University is already expanding the project with its own funds to the rest of the campuses. (See Appendix 1 for list of other programs.)

The computerized academic advising system will be of great assistance in our retention efforts. Improved retention, in turn, will assure that a larger percentage of our students achieve their academic objectives.

Endowment Challenge Grants have permitted institutions with limited resources such as ours to build an endowment fund to reduce dependency on tuition and strengthen financial stability.

RECOMMENDATIONS:

The Tittle III program is the only program under the Higher Education Act which focuses its efforts towards strengthening developing institutions that service a large percentage of minority students including Historical Black Colleges and Universities (HBCU) and other minority institutions. This program has a direct impact on minority human resources in this Nation, and we cannot afford to alter it in any way.

This is supported by the fact that in Fiscal Year 1990-91, of the 1,100 institutions in the Nation that requested eligibility to Title III, 954 were granted eligibility as developing institutions and finally, only 104 institutions were recipients of Title III grants. There is no doubt that there is a national need to assist and strengthen developing institutions across the Nation. This Title III effort is a means of providing evidence of the Nation's commitment to increase the pool of minority human resources in fields where they are currently needed and underrepresented. As President of the largest Hispanic, private institution in the Nation, I strongly recommend that the Title III Program be maintained in the Reauthorization as it is presently structured and that additional funds be appropriated in order to assist additional developing institutions in fulfilling their mission.

The current set-aside for minority institutions should be kept as a means by which the U.S. Department of Education can assure that funds are directed towards the strengthening of developing minority institutions in the Nation. This minority set-aside has been of great benefit for the survival of these minority institutions. As mentioned before, of the current 17 Title III projects in Puerto Rico, 14 qualified because 25% of the funds were set-aside for minority institutions.

I also feel that Congress should consider establishing a program to assist Hispanic serving institutions. We understand that the Hispanic Association of Colleges and Universities (HACU) is asking for the establishment of such a program with a $30 million funding level. A member of HACU, Inter-American University endorses such a program. The program would not threaten the HBUC set-aside. On the contrary, it would expand the program to target Hispanic serving institutions, the fastest growing sector of our population.

The Endowment Challenge Program is most certainly a program that assists developing institutions to establish a means for future financial stability and security. In the past, this Part of Title III has been instrumental in increasing our institution's Endowment Fund. However, I strongly recommend that the period of five years be reinstated as it existed in its original regulatory structure. Furthermore, I believe it is vital that institutions be allowed to receive an Endowment Grant for three years of the five-year period and afterwards, be eligible to reapply in the next five-year period. With regard to the amount allowable to apply for, I urge you to maintain its current level.

CONCLUSION:

The challenges of the past, such as offering the best education possible to the people of Puerto Rico in spite of limited resources and spiraling costs, have committed us to try even harder. However, we cannot do it alone. We need to face the challenges of the future in a partnership with the Federal Government that will lead us to find new and innovative ways, which in turn will enable us to respond to the needs of today's society.

Thank you, and I will be happy to answer any questions that you may have.

APPENDIX I

ACTIVITIES INCLUDED IN THE STRENGTHENING INSTITUTIONS PROGRAMS

SAN GERMAN CAMPUS:

Budget Period: 10/01/89 - 90/30/92

Activities:

1. Development of a Management Information System.
2. Development of an Assessment Program.
3. Establishment of a Bilingual Writing Center.

METROPOLITAN CAMPUS:

Budget Period: 10/01/86 - 90/30/89

Activities:

1. Development of a Management Information System.
2. Development of an External Resource Information Center.
3. Developing a Word Processing Laboratory.

Budget Period: 10/01/90 - 09/30/91:

Activities:

1. Student Services: Academic Advising.

ARECIBO UNIVERSITY COLLEGE:

Budget Period: 10/01/86 - 90/30/89

Activities:

1. Improving Science Instruction Via Computers.
2. Computer Literacy Program.
3. Career Counseling and Placement Center.

INTER AMERICAN UNIVERSITY OF PUERTO RICO VICEPRESIDENCY OF DEVELOPMENT AND PUBLIC RELATIONS			
TITLE III PROJECTS APPROVED WITHIN THE LAST FIVE YEARS			
Site	**Title of Project**	**Grant Award**	**Project Period**
Metropolitan Campus	Endowment Challenge Grant	$1,010,000.00	06/01/89 05/31/09
San Germán Campus	Endowment Challenge Grant	$1,010,000.00	(Temporarily Reserved)
San Germán Campus	Endowment Challenge Grant	$ 400,000.00	04/01/86 03/31/06
San Germán Campus	Endowment Challenge Grant	$ 400,000.00	07/01/87 06/30/07
Ponce Regional College	Endowment Challenge Grant	$ 250,000.00	04/01/86 03/31/06
Ponce Regional College	Endowment Challenge Grant	$ 250,000.00	07/01/87 06/30/07
San Germán Campus	Strengthening Institution Program	$ 160,000.00	10/01/89 09/30/90
San Germán Campus	Strengthening Institutions Program (Continuation)	$ 189,264.00	10/01/90 09/30/91
San Germán Campus	Strenthening Institution Program (Continuation)	$ 185,602.00	10/01/91 09/30/92
Arecibo University College	Strengthening Institutions Program	$ 108,302.00	10/01/86 09/30/87
Arecibo University College	Strengthening Institutions Program (Continuation)	$ 63,465.00	10/01/87 09/30/88
Arecibo University College	Strengthening Institutions Program (Continuation)	$ 65,415.00	10/01/88 09/30/89
Metropolitan Campus	Strengthening Institutions Program	$ 115,000.00	10/01/86 09/30/87
Metropolitan Campus	Strengthening Institutions Program (Continuation)	$ 163,720.00	10/01/87 09/30/88
Metropolitan Campus	Strengthening Institutions Program (Continuation)	$ 171,055.00	10/01/88 09/30/89
Metropolitan Campus	Strengthening Institutions Program	$ 116,123.00	10/01/90 09/30/91

Senator PELL. Dr. Edward Elmendorf, vice president for governmental relations, American Association of State Colleges and Universities, and with a long background with this committee.

Dr. Elmendorf.

Mr. ELMENDORF. Thank you, Mr. Chairman, Senator Kassebaum.

Let me begin by thanking the committee for inviting me to be here today. I don't need to restate the fact that the Senator has just given you the data on a $5.3 billion program, the Pell Grant program, 3.4 million students, and a participation rate of about one in four, or 25 percent of the total students enrolled in higher education actually participate in this program. I think we could do better.

Let me also say that 5 minutes will not do justice to the complexity of what I have to say today, so I am making available the 13 associations and systems which have endorsed this testimony to work with you, Senator, any of the staff or any of the other Senators' staff to try to go through, and we hope you can review and understand and we hope see the benefits of what we are about to say to you.

We face two problems that I would like to talk about today. The first is funding. The Pell program, as you have heard Dallas Martin say, has been inadequately funded. We believe it must be restored to a level that could be protected, we think, with some legislative language that we are going to suggest today, and the distribution formula that carries that money needs to be carried under a sound policy and with an equitable basis of distribution. So my purpose in being here is to ask the subcommittee to address both problems, that of underfunding and that of the adoption of sound policy against which these funds may be distributed.

First, problem one, funding. Senator, in your statement of February 21, I believe you said that we must act to ensure that the grant is the major student aid program at the Federal level, and I couldn't agree with you more on that statement.

But where we are now in addressing that problem gives me some major indigestion. I believe that we are on the road to reauthorization, but we need to make a very obvious and immediate U-turn.

We find ourselves 180 degrees out of sync with the chairman's statement that the grant program is the major student aid program. Why is that? The erosion in the value of the Pell Grants over the last decade, as Dr. Martin has explained, has resulted in a reversal of roles for Pell and Stafford. The Pell Grant in all honesty has been set aside; it has been displaced as the centerpiece and the foundation of the Federal student aid programs.

I believe that Dr. Martin gave you some testimony and I can add a little bit to that by simply taking the Middle-Income Assistance Act of 1978, Pell eligibility criteria for a family of four. It was set at $25,000. In today's dollars, that amount would be $49,438, not $25,000. In comparison, the current income eligibility cut-off for Pell right now is $35,778, $12,000 less than what it would have been if the Middle-Income Assistance Act had had the CPI added to it over the last 15 years.

What has happened over the last decade is the underfunding of the Pell program has cut the working class family out of the pro-

gram and at the same time has lowered the value of the award to those who do receive it.

Fifteen years ago, we had a Pell Grant maximum award of $1,400. That has increased by $1,000 in the last 15 years. Essentially using 1976 constant dollar terms, we are $400 below where it would have been had we just extended it from 1976 to now at the CPI rate.

For me and an institution or representing a set of institutions, that means that the Pell maximum today buys less than 40 percent at an average public 4-year institution's cost. What it bought in 1975 was about 62 percent of the average cost of attendance at public institutions.

To bring that point home, I need only State that the vast majority of the students who attend public institutions of higher education in this country, particularly after the grants have been taken out and after the family has contributed everything it can toward the cost of that education, that student must borrow.

I looked at the data for our institutions in the public sector, where our average tuition is less than $2,000 a year, and it turns out that six out of every ten Federal aid recipients in the 4-year public sector borrow. That is 60 percent.

Our freshmen most at risk in borrowing have to borrow an average of $1,800. We need to change that.

Let me go on to the funding solution. We propose three things for the subcommittee to consider. The present maximum award, now $2,400, we believe should be increased to $4,000. We believe that the Pell Grant formula needs to be indexed to the Consumer Price Index as Dr. Martin has suggested, and we believe that the Department of Education ought to have its authority for linear reduction replaced by authority to borrow against next year's appropriations.

The second problem we have basically is the distribution of that money, and for that we have spent about 24 months working together with a group of associations to come up with a new Pell Grant formula based on a sound set of criteria.

Four criteria constitute that formula. The Pell award should be decreased as a family's ability to pay increases. The Pell award should try to meet the highest percentage of need to the lowest-priced institutions. The Pell should try to recognize that an added expense for students attending higher-priced institutions make it more tuition-sensitive. And fourth, the award should reach students beyond the $35,000 eligibility level; up to $43,000 is where our formula would take it.

Our formula is a very simple one. It is a $2,500 living allowance plus 25 percent of tuition up to the maximum award we have suggested of $4,000 minus the effective family contribution. The formula we have developed meets the test in all four of these criteria. The current Pell Grant program as I have pointed out in the charts attached to my testimony fails in all four of those areas.

Mr. Chairman, I would be happy to answer any questions you might have about that as the committee may choose.

Senator PELL. Thank you very much indeed.

[The prepared statement of Mr. Elmendorf follows:]

PREPARED STATEMENT OF MR. ELMENDORF

My name is Edward Elmendorf and I am the Vice President of the American Association of State Colleges and Universities. I am testifying here on behalf of the 370 member institutions of AASCU, as well as on behalf of the higher education associations listed on the cover of this testimony. I would like to thank you and the members of the subcommittee for this opportunity to present our views.

My statement today supplements the initial statement provided to the Subcommittee on March 21, 1991 by President Hoke L. Smith on behalf of twelve higher education associations. Our purpose today is to center on the Pell Grant program aspect of our reauthorization proposals.

This reauthorization of the Higher Education Act of 1965 comes at a time when our nation is facing tremendous challenges at home and abroad. We are faced with a wide array of problems, virtually the only agreement about which is that the single most effective remedy to all of them is a better education system. Spending on education is truly not a drain on our national resources, but a sound investment in our country's future. At a time when the country confronts an enormous and ever-increasing national debt, when the trade imbalance between the U.S. and the rest of the world is threatening American jobs, when our traditional technological superiority appears to be in danger, and when drug abuse is reaching epidemic proportions, investment in education may seem to be a luxury we cannot afford. The history of the federal funding for education, however, clearly indicates that every federal dollar spent to better educate our citizens brings a tremendous return on taxpayers' money in added productiveness, lower social spending on crime-prevention, welfare and unemployment, greater American exports, and substantially increased tax revenues to the Treasury. The classic illustration of the return on education is the G.I. bill, the return on every dollar of federal investment in which is estimated to have been about forty dollars.

Despite the near-unanimous belief in the importance of education to our nation's

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future, federal support for it has diminished over the last decade. While the states have attempted to fill the gap in financial support for education by the policies of the last ten years, there is every indication that the reassertion of an active federal role is the only way for American education to become truly competitive with the rest of the industrialized world. My purpose today is to share with you what I believe is wrong with our existing policies, especially as they relate to the financing of higher education, and to propose alternative policies to remedy the problems. It is becoming increasingly clear that the trend away from grants to loans, a process which has shifted an unfair portion of costs to students in the form of large amounts of indebtedness, carries with it huge social costs. These costs are slowly becoming visible in the form of escalating defaults, the result of borrowing by students for whom loans were never intended as the proper vehicle of educational finance, as well as in the more subtle trend to regard higher education only as a means to obtain lucrative jobs. This latter process, which is familiar to almost every American family with a college-aged child, is forcing numerous students to pursue fields of specialty on the basis of future earnings, and is robbing our nation of some of the most needed specialists such as teachers, social workers, and those who would work in the public sector.

The specific federal program where the shift away from grants to loans is most transparent is the Pell Grant program. In the minds of too many of our nation's aspiring students, the Pell Grant Program has been displaced as the centerpiece and the foundation of the federal student aid programs, a belief which is not without foundation in fact. Pell grants have been displaced by the Stafford Loan program, a program that was never conceived as a low-income educational assistance program. The original Guaranteed Student Loan program was initiated as a low-cost mechanism for federal assistance to middle-income students who would not meet the eligibility requirements for federal grants. It is helpful to recall that the income eligibility cut-off for Pell grants, in essence the income level below which loans were considered the incorrect form of federal support, in 1979 was approximately $25,000, a figure which, when indexed to the inflation rate, would be almost $49,000 today. The eligibility cut-off today is $35,778, more than $13,000 below the figure for 1973. This erosion in the reach of Pell grants is a major contributor to the escalating costs of the Stafford program.

In addition to the narrowing eligibility standard for Pell, there has been a steady decrease in value of what Pell grants can buy today which the following comparison demonstrates. In 1975 the maximum Pell Grant represented 61.8% of average cost of attending public institution while it represents less than 38% of today's costs at the same institutions. The comparative numbers for private institutions are 32.8% in 1975 and less than 18% today.[1] Another way of illustrating the decline in the purchasing power of the Pell grants is to take note of the fact that in 1975 constant dollars, the Academic Year 90-91 maximum award of $2,400 is almost $500 less than the AY 75-76 of $1,400 (See Figure 1). It is little wonder then that loans have become the primary vehicle of financing higher education for most students, not only for middle-income students at the more expensive private institutions, but also for low-income students at public colleges and universities. The data we have clearly demonstrate the error of the common misperception about student borrowing that even I believed until I evaluated this data. I believed that in our 4 year public sector with average resident tuition of less than $2000, our low income, most "at-risk" students would not need to borrow and that if they did, it would be a small amount. I was wrong: six of ten federal aid recipients in the four year public sector borrow! The average amount they borrow in the freshman year, the year when they are most at risk of failing, is $1800.

This condition of ever-increasing dependence on loans must not prevail; the reauthorization of the Higher Education Act is our opportunity to reshape the results we see before us today and restore these programs to their originally intended purposes. If the Pell Grant program is intended to provide access to higher education and only 25% of those in higher education are the beneficiaries, have we achieved what Congress intended access to mean? What is the measure of access we would find acceptable? Is it 50%? How will we ever know if the income levels for eligibility themselves are so low that those who might decide to apply never do because they honestly believe it is a waste of time and that they would not qualify? Making the Pell Grant the centerpiece, the foundation program for student aid ought to be the goal. Restoring the Stafford Loan program or its successor loan program to its intended role, rather than its current role of the centerpiece of federal

[1] Arthur Hauptman, *The Tuition Dilemma* (Washington, D.C.: The Brookings Institution, 1990) 12-13.

student aid programs, should also be our objective. To accomplish these twin goals may take a substantial investment in federal funding and it may take making the Pell Grant an entitlement program. We understand why it may not be possible to make Pell an entitlement at this time, but our goal should not change. What you have before you as a proposal for reauthorization of the higher education act is what we believe can be accomplished in this next cycle of reauthorizations and we strongly urge you to give it your most diligent and supportive consideration.

Despite its status as the largest federal student aid program and its potentially crucial importance in making higher education more broadly available, the formula written into law for the calculation of Pell awards suffers from several serious flaws. The flaws and irregularities of the current formula, long a subject of debate and argument in the higher education community, are in need of immediate revision at the upcoming reauthorization of the Higher Education Act of 1965 if the Pell program is to be restored as the backbone of federal student aid policy. I am here today to describe an alternative Pell formula which might allow us to restore Pell to the position of prominence Congress intended it to occupy in the federal financing of higher education. The current formula, as written into the statute during the 1986 reauthorization, is composed of three components, the lesser of which determines the amount of the recipient's award. These components are:

Award= Lesser of (Maximum Award - EFC) or (cost of attendance - EFC) or 60% COA

where: EFC= Expected Family Contribution[2]
cost of attendance= COA (Tuition + Living Cost)
Living Cost= $2400, and Maximum Award= $2400 under current funding levels.[3]

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[2] The method of calculation for the EFC is itself another crucial component of necessary reforms in the Pell program, but will not be addressed here.

[3] It should also be noted that the living allowance and Maximum Award were tied together by statute in the last reauthorization.

Of the three components of the formula, the easiest to understand and accept is cost of attendance minus expected family contribution. This provision essentially guarantees that the amount of award would never be higher than any student's need (defined as costs minus expected family contribution.) Another reasonably intuitive component of the formula is maximum award minus expected family contribution. This ingredient, which limits the Pell program to those with expected family contributions below the maximum award, is the means by which the program targets low-income students by decreasing awards as incomes increase.[4] The most problematic element of the current formula, and a source of much controversy within the higher education community, has been the provision which limits the maximum award recipients may receive to 60% of their total cost of attendance. This provision is the sole component of the current program to react to different tuition levels (because the living cost is defined by statute, cost of attendance changes exactly as institutional tuitions do.) The manner in which cost of attendance reacts to varying tuitions, however, is punitive rather than positive: instead of giving higher awards to students with higher tuitions, it ensures that awards to students at the lowest tuition institutions (primarily community colleges) are reduced to 60% of their implied cost [i.e. 60% of ($2400 + tuition).] This same provision permits students with higher expected family contributions to obtain a higher percentage of that need through the Pell program than the students with the very lowest expected family contributions.[5] Under this provision of the formula, which currently determines the awards of more than one million recipients, a student with a family income of $20,000 can receive the same award as a student from a family with an income of $10,000. This fundamental aspect of the formula is probably second only to appropriations underfunding in terms of driving low-income students into indebtedness. By artificially limiting the awards of the lowest income students at the lowest tuition schools, the current formula undercuts the most basic goal of access and forces the population at the greatest risk into the Stafford Program, thus driving the default costs of that program up. The fundamental inequities of the current formula in its treatment of low tuition schools and

[4] Fiscal year 1991 appropriations of $5.28 billion, for example, allowed a maximum award of $2,400, and in this way excluded students from families with incomes of $35,778.

[5] Analytically, this is due to the fact that this rule does not reduce the award by the expected family contribution of the recipients whose award it governs, i.e., because it is not "60% of the cost of attendance minus expected family contribution".

low income students are clearly apparent in Figure 2.

In the higher education community's attempt to arrive at a more defensible instrument for the distribution of the Pell program funds, a number of simple criteria have been developed.[6] These basic criteria are:

1- For students attending institutions with similar charges, the Pell award should decrease as the expected family contribution increases. This criterion addresses the lack of "horizontal equity" in the current formula. Ensuring that the Pell Grant decreases as incomes increase is predicated on the principle that government subsidies should be primarily targeted at lower-income recipients. The present program's opposite tendency, i.e., its increase of percentage of need met with increasing income at low-tuition institutions, is the most glaring violation of this basic principle.

2- The present punitive treatment of low-income students at low tuition institutions should be abandoned in favor of a formula that also seeks to meet the highest percentage of need at the lowest priced institutions. This criterion embodies our collective commitment to the priority of access over choice.

3- The federal government should institute a means of recognizing the added expenses of students at higher tuition institutions, and replace the punitive tuition-sensitivity of the current law with a modest degree of positive tuition-sensitivity.

4- There should be an effort to create a theoretically sound formula with the proper financial parameters which would render the Pell Grant program into an effective alternative to loans for low and moderate income students.

5- The formula should increase awards for students at all institutions, and provide more adequate resources to students attending baccalaureate as well as shorter-term

[6] These criteria were first clearly articulated by OMB's Fred Fischer during the last reauthorization.

programs. The Pell program as currently authorized and funded covers a significant portion of the costs of short-term programs, but is substantially less effective for degree-seeking students.

The higher education associations' proposal on the Pell Grant program seeks consists of a simple formula that engenders these criteria through separating the living cost (access) and the tuition (choice) components of Cost of Attendance. The calculation of the Pell award under our formula is done through the addition of a basic (living) allowance of $2,500 to a portion of tuition and the reduction of that amount by the student's expected family contribution.

Award=(Lesser of ((25% Tuition + $2,500) or Maximum Award of $4,000)) - EFC

The basic effect of using this bifurcated approach is that it enfranchises everyone at every tuition level by providing a uniform subsidy of $2,500-expected family contribution for access, while recognizing the impact of tuition, and providing some measure of choice. I would like to note that the $2,500 basic allowance component of the formula represents less than half the actual living expenses of students.[7] In addition, this formula will react to increased tuitions in an entirely non-inflationary manner because it covers only a quarter of every dollar of tuition increase, and therefore will not be an incentive for tuition increases as a means of recouping federal dollars. The use of this formula would embody the principles I cited earlier including the extension of Pell Grant eligibility to moderate-income students from families with incomes up to $43,000.

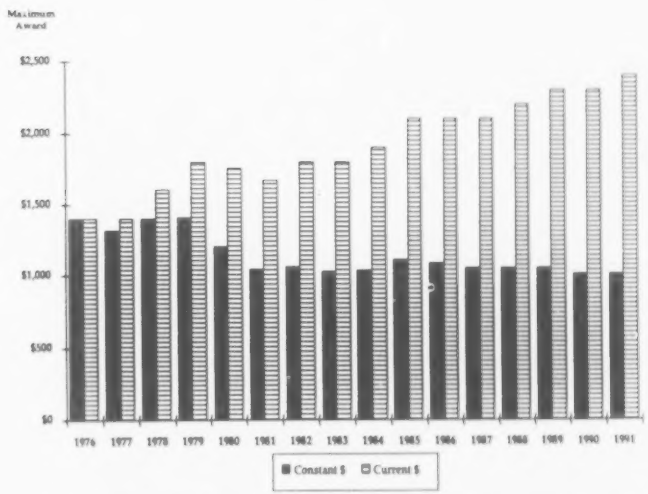
Two important additional parts of our proposal are: (1) to index the Pell maximum to the Consumer Price Index as an alternative to turning Pell into an entitlement, which is clearly our first preference, and (2) to replace the current linear reduction authority of the Education Department with departmental authority to borrow from next year's appropriations in case of funding shortfalls. There does indeed appear to exist a reversal

[7] Cathy Henderson, "Projections of Student Budgets," (Washington, D.C.: American Council on Education, 1990).

of priorities when the federal programs targeting the most needy students, i.e., Pell, SEOG, CWS, and Perkins, are subject to the annual appropriations battles, while the Stafford loan program, the middle-income part of the federal financing policy for education, is an entitlement. The indexing of Pell awards to the Consumer Price Index would at least ensure that there would be no further erosion of the program's value in the coming years. This concludes my testimony and I will be pleased to answer any question you or other members of the subcommittee may have regarding our proposals.

Figure 1

Comparison of the Increase in the Pell Grant Maximum in Nominal Dollars and Decrease in Constant Dollars FY 76-91



Sources: American Council on Education, Office of Legislative Analysis, based on data from Economic Indicators, and Economic and Budget Outlook, Congressional Budget Office, 1990.

FIGURE 2-A

Current Pell Formula
Min (60% Cost, Max-EFC, Cost-EFC)

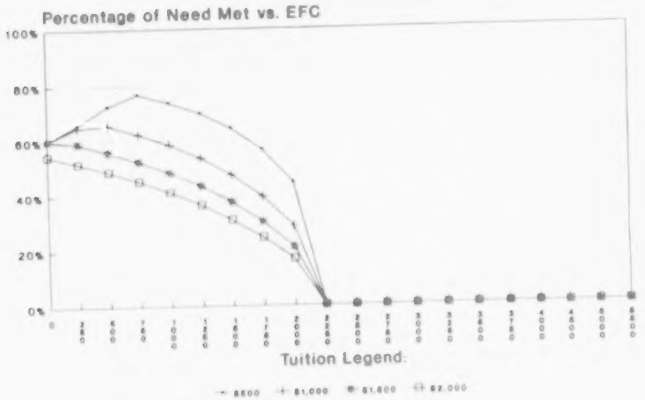


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FIGURE 2-B

Proposed Pell Formula
($2500 + 25% of Tuition NTE $1500) - EFC

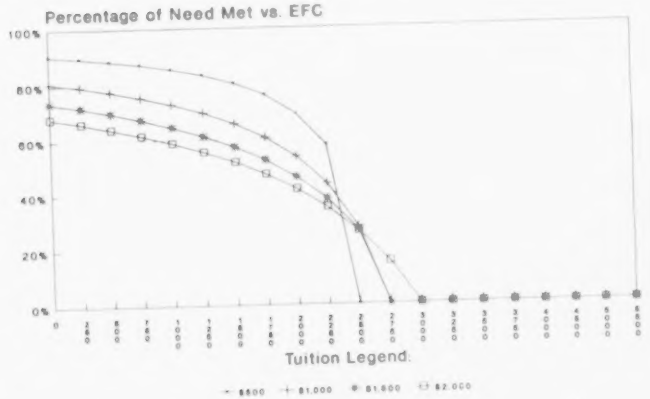

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FIGURE 3-A

Current Pell Formula
Min. (60% Cost, Max-EFC, Cost-EFC)

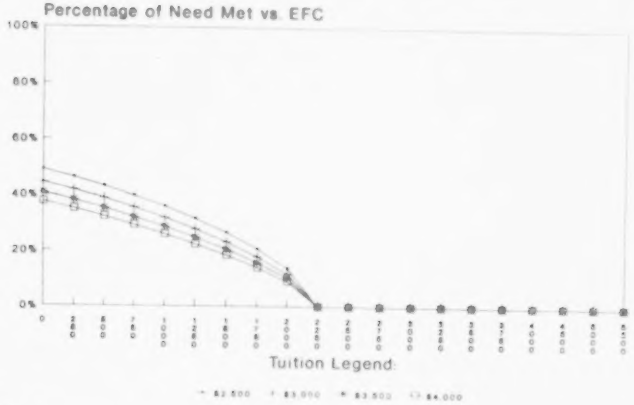

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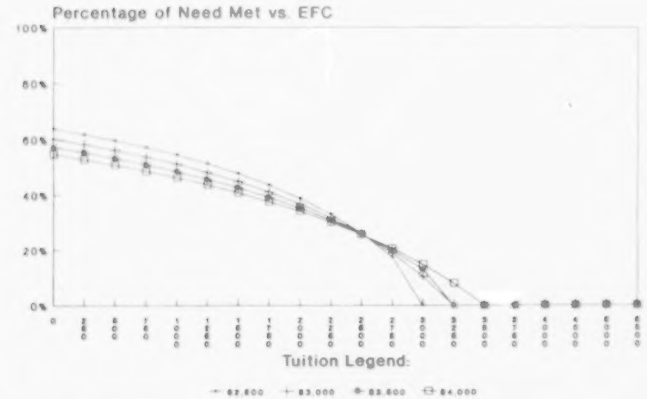
FIGURE 3-B

Proposed Pell Formula
($2500 + 25% of Tuition NTE $1500) - EFC



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Senator PELL. I would turn to our ranking minority member, Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman. I have to leave in just a few moments, and the chairman very graciously said I could ask a few questions.

I think all of you made some similar comments. One, I believe all would feel that the Pell Grant should be an entitlement, and assuming that that is going to be difficult to accomplish, some have made further recommendations.

Let me just ask are you comfortable with the eligibility as it is now determined?

Mr. ELMENDORF. I'll answer that. My testimony will show that we are not at all happy with that. We'd first of all like to see it raised. If it were raised to what CPI was, it would be almost $50,000 family income.

Senator KASSEBAUM. I understand that, but I mean what counts as far as assets. This has been a concern, as you know, in many of the rural areas as far as farm equity and what is counted. That is what I was asking.

Mr. ELMENDORF. I am going to defer to Dr. Martin on that question because we have supported him along the way, and I believe he is working on that problem right now.

Mr. MARTIN. Senator Kassebaum, as you probably are aware, Tally Hart, who is the commissioner of our government relations committee, had testified before this committee a couple of week ago about a new plan that we have been working on four 5 years on how to finally fold the existing need analysis in both the Pell Grant formula and the other formula, the Congressional Methodology, that we use now to determine eligibility for all Title IV aid, into a single simplified formula.

We have now concluded the technical work on that formula and are advancing that. In that formula, there are a number of steps that would simplify the program for students. There are some bypasses, for example, for people who have very low income, such as AFDC recipients. There is also a provision in that to take a different look at assets, both home equity, which obviously catches a lot of people—we have proposed a different way of looking at that, with a cap, to provide some protection for families who are in areas of the country where home values have accelerated rapidly. We also have some modifications, for example, on the treatment of farm equity which obviously affects many of the people in your State. We are proposing that there be some modifications to the assessment rates on farm assets because those assets are necessary in order to generate the income for those families.

We think that what we have proposed will be a reasonable approach to provide some needed relief for hardworking middle-income families. But we also need to do some further modelling to make certain that we are addressing that, and we hope to be able to do that as this reauthorization progresses to address exactly the questions that you have proposed.

Senator KASSEBAUM. One other question along that line. If the Pell Grant maximum were substantially increased as all of you would suggest, without it becoming an entitlement program, and if

the necessary appropriations fell short, as they frequently do here, what would be the best means of addressing the situation?

Mr. MARTIN. Let me begin on that. I think definitely we would support increasing the maximum grant fairly significantly. We have seen the erosion of it, and we have seen the harm that it has created. While we would favor an entitlement, Senator, in terms of ensuring that, I think Dr. Elmendorf has also made an excellent point. We do believe that there should be authority—and in fact I would argue that the authority is there now—to borrow from subsequent appropriations in the event we do fall short.

It also seems to me, though, that another thing we could look at is to make certain that those students that have the greatest need are served first. If that means—and I hate to say this—that we have to cut some people who are more moderate income families, to reduce their eligibility to take care of those who have the highest need, then we should do so.

It is my belief that the people who are at greatest need in this country are probably the least politically in tune with a voice, and if you cut some of the other people who are a little more sophisticated, I suspect, Senator, that we'll all hear from them, and they will express their opinions accordingly through the democratic process to ensure that we do have adequate funding.

Senator KASSEBAUM. Isn't that basically what is being recommended by the administration?

Mr. MARTIN. I think the big difference with what the administration is proposing, Senator, and as we see it is that we are starting with a significant increase to make up for a program that has already been reduced and significantly brought down. The administration wants to take where we are and target now. That would create real pain because the students who would be eliminated from the program now under their proposal in our opinion are part of that very need group.

Their proposal talks about taking families basically with incomes that are $12,000 and below and only protecting that core. That is below poverty level for many of those families. We need to get it up to the reasonable levels that we are talking about before we start talking about cutting back.

Mr. KNUTSON. May I add something to that from the practical standpoint. I could give example after example of students whose families come from Iowa or Kansas and have out-of-town living costs at one of the art institutes, and 80 percent of our students work part-time, and their families are committed to their education. The administration's proposal would cause them to lose a Pell Grant of $1,000 or $1,700—in other words, very material money that will make the difference as to whether or not they are able to go to the school that they want to go to to match their interests and abilities. So it is not an acceptable proposal from our standpoint.

Senator KASSEBAUM. You mentioned, Mr. Knutson, that certainty is very important for a student. Let me ask you how much certainty plays into an institution's desire to make certain that they are going to be able to count on student loans and grants for meeting some of their budget needs?

I often wonder exactly how much an institution factors in what they can set as a tuition level, knowing that they have a certain amount of money they can count on through the student grant and loan programs.

Mr. KNUTSON. I'd have to answer that in this fashion. We are talking about the relationship between the Federal Government and students, and plainly, our low and middle-income students are having a problem because the Pell Grant is worth half what it used to be. That is at the core of it, and every educational institution in this country has an interest in the aid that is available to their student population. That's not something that you can budget. You work with students—and we have had an aggressive financial aid management program for many years, and the whole budget process with students and their families, financial planning, part-time jobs, loan counseling, all of the things that make a difference—and responsible institutions do that.

Senator KASSEBAUM. I know that is true, and my own colleges and universities are really dismayed at times when I say they have to monitor their own budgets, just as we are trying to do here. They must make some difficult choices, because tuition is just going out of sight.

Mr. MARTIN. Senator Kassebaum, I agree that we need to look at the whole cost structure of higher education, and we in the educational community need to be doing our part, too. But let me give you another side of the certainty issue, if I may.

We have been working for the last three or 4 years with some early awareness programs with students, primarily minority students, in four or five pilot sites across the country. One of the things that we find in talking to students and to their parents—and in most cases it is a single parent—is that these people will say to us even at the 7th or 8th grade level, when we are talking to them about encouraging their sons and daughters to stay in school or to be doing what they can, some of these people will say to us, "Look, I can't afford what higher education costs today." In many cases, they read the headlines in the paper that always advertise the highest-cost institutions and what we have publicized, and they don't understand that there are other options available. But they look at that, and then they also read the other headline in the paper that says, "This year, it is proposed that we are going to cut student aid funding by 50 percent," the combination of those two makes that parent, not only the child, but makes that parent believe that there is no way that they can possibly fulfill the dreams and hopes and aspirations of that child to go ahead and get a postsecondary education.

If we could say to that child early on, "There is a certainty there. There is a Pell Grant that is an entitlement that will provide you with the foundation to go to any postsecondary education institution that you can meet the qualifications to aspire to, believe it will help raise aspirations in this country." That's the part of the certainty that I am concerned about.

I agree with you that we need to do all we can in holding down prices, and a lot of that is coming from other ways. In many cases, our people aren't the ones who are setting tuition. It is set outside by others. It is dependent upon many factors, including budgets

from State legislatures, local school districts and so on, as you well know.

Senator KASSEBAUM. Thank you very much. And thank you, Mr. Chairman. I appreciate your letting me go ahead.

Senator PELL. Thank you very much, Senator Kassebaum.

One question. It seems to me money is the big factor here, and all of your recommendations are good, with varying degrees of goodness. But out of curiosity, what would be the cost, Mr. Knutson, of your recommendations, or have you estimated that?

Mr. KNUTSON. Dallas Martin and others may be more qualified with the models that they have run, but if the administration's current budget request for Pell is $5.7 billion, it might be $9 or $10 billion to fully fund the program.

Dallas or Ed, do your figures show something in that area—I would add if I may what is the cost of not doing it. If we truly set education as the Nation's number one priority, as we have with the S and L situation and with the Middle East situation, we find a way to do it. And that may be simplistic, but I think it is a vital starting point.

Mr. MARTIN. Senator, I would say to do the kind of changes that we're talking about would probably necessitate somewhere in the neighborhood of $2.8–$3.2 billion more in Pell Grant funding.

I have presented to you today our recommendations for what we see are changes to address the grant-loan imbalance, and I have talked just about the changes in the Pell Grant program. As part of our total reauthorization package, however, we also have a number of other recommendations on the loan programs and other places that attempt to reduce part of the moneys and the subsidies that are going to some of those programs in order to free up some additional dollars to help offset part of the additional costs that would be incurred if we put Pell Grants back as number one, where we believe it should be.

I will say to you that even with all of those recommendations it still will not be enough to fully fund the program to where we believe it should be. I would say to you that I think we are still underfunding education in America, and we need to put more resources in there.

I would agree with Mr. Knutson in the fact that we either can pay now, or we are going to pay much more in the future.

Senator PELL. But to pin you down a little bit, if we pay now, what would be the cost, roughly?

Mr. MARTIN. I am guessing, and I would also ask Ed on his, but I am guessing, Senator, that we need to as kind of a minimum talk about roughly $3 billion more now into the Pell Grant program to bring it back up to where probably you and your colleagues had brought it when we had passed the Middle-Income Student Assistance Act in 1978. That would be kind of a minimum base, Senator, to get us back to a point where it really is reaching out to serve the people that I think you intended it to serve.

Senator PELL. Thank you.

Dr. Gonzalez.

Mr. GONZALEZ. We have not calculated, Mr. Chairman, the exact cost of what we are proposing, but we will be happy to submit this calculation for Puerto Rico.

Senator PELL. Thank you.

Dr. Elmendorf.

Mr. ELMENDORF. Mr. Chairman, we do have a model that we run, and we test that against the Department of Education's model, and I feel pretty confident that to develop the $4,000 maximum award with a $2,500 living allowance, the cost on that is $7.9 billion, and we would serve about 3.8 million recipients. That is 400,000 more recipients than in the current program. It would be 800,000 more recipients than the administration's proposal would allow us to serve if that were enacted this year. We feel pretty comfortable with those numbers.

Senator PELL. These figures don't scare me at all because I would have thought it would be more to have an ideal system. What would worry me is that each of you have cranked into this indexing, and in my mind indexing is not a good idea because it directly has an adverse effect on inflation. I'd much rather see us have large sums where we know where we are, and not have indexing.

In connection with that, the basic cost of not doing it, as Mr. Knutson says, is tremendous. One heard a lot a few months ago about the "peace dividend" and that seems to have just disappeared. I haven't heard the phrase "peace dividend" used for the last couple of months, so maybe we ought to, all of us working together, try to think a little bit in those terms.

One of the concerns I have heard particularly over the last few months is the difficulty the middle-income youngsters have in getting an education, and each of you have a different approach to it, but I gather you all recognize that as being perhaps, if not number one, right up there as a problem.

Dr. Martin.

Mr. MARTIN. Senator, as I talk to parents and students, I think the question of affordability of postsecondary education comes up time and time again. I think, as Dr. Elmendorf pointed out to you, if you just do the adjustments on the family that we strived to reach that you worked so hard on when you came forward with the Middle-Income Student Assistance Act back in 1978 was the goal of ensuring that a family of four with one in postsecondary education, that had $25,000 of adjusted gross income, would qualify for a minimum Pell Grant of $200.

As Dr. Elmendorf has pointed out, that same family today would be a family of four with one in postsecondary education that is making around $49,000 adjusted gross income. That family is clearly no longer being served at all by the Pell Grant program, nor are families well below that income level.

Senator PELL. Dr. Elmendorf.

Mr. ELMENDORF. Mr. Chairman, I don't know how many people know this, but looking a little bit under the Pell Grant program, we are not talking about a middle-income program in any way, shape or form right now—2.3 million of the 3.4 million recipients come from families earning less than $15,000 a year. Five percent of the recipients in that program come from families earning more than $30,000. So we're not talking about a major expense to extend the eligibility of that program to even $49,000.

I thought we were careful in proposing only a $4,000 maximum award, and we did so because we wanted a model that would work

and that would be equitable and that would be politically reachable by virtue of the conditions we find ourselves in relative to the budget. That is why we would not go the full way for the full amount that it would take to restore the Pell Grant program to what we think it should be.

Senator PELL. To simplify the program, I believe we used one methodology for measuring eligibility for the grants and another one for the Stafford Loans. Could they be combined?

Mr. MARTIN. We believe they can, Senator, by using the same data. The formula we have developed would produce an eligibility index for the grant program that would do that. To the family,it would appear that there is a single number for what your family contribution would be whereas now under the formula, we say this is your family contribution for the Pell Grant program, and then here is your family contribution for all the rest. And people have a real hard time trying to understand why is one this, and why is the other that.

I think our formula would combine that so that to the family it appears that there is a single family contribution and yet would still provide the necessary distinction that we have always had between grants and loans or work programs.

Senator PELL. Thank you.

Dr. Elmendorf.

Mr. ELMENDORF. When Dallas Martin fixes that problem—and I think we are going to be supportive of him—there is still the inequity in the distribution that I want to go back to. That is that a student from a family earning $20,000 a year right now has a greater percent of their need met under the current Pell Grant program than that same student coming from a family of only $10,000. That is an inequity. We need to fix that, and that is one of the things we are proposing be fixed by the distribution formula.

Senator PELL. I want to assure each of you that every suggestion that has been made will be considered carefully. The custom of our subcommittee has been to put them all out on a spread sheet and then go down and see how they can be fitted together and what we can do. So I just want you to know that while the hearing process may seem brief, each suggestion is considered by the subcommittee.

I thank this panel very much indeed—Mr. Knutson, Dr. Martin, Dr. Gonzalez and Dr. Elmendorf. Thank you very much for being here.

We now come to our second panel—Mr. Biklen, Mr. Zucchini, Mr. Donovan, and Mr. Hough.

We'll start with Mr. Stephen Biklen, vice president of Citibank Student Loan Business, Rochester, NY.

STATEMENTS OF STEPHEN C. BIKLEN, VICE PRESIDENT, CITIBANK STUDENT LOAN BUSINESS, ROCHESTER, NY, ON BEHALF OF CONSUMER BANKERS ASSOCIATION; MICHAEL R. ZUCCHINI, EXECUTIVE VICE PRESIDENT, FLEET/NORSTAR FINANCIAL GROUP, PROVIDENCE, RI; CARL C. DONOVAN, PRESIDENT, NORTHWEST EDUCATION LOAN ASSOCIATION, SEATTLE, WA, ON BEHALF OF NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS; AND LAWRENCE A. HOUGH, PRESIDENT AND CHIEF EXECUTIVE OFFICER, STUDENT LOAN MARKETING ASSOCIATION, WASHINGTON, DC

Mr. BIKLEN. Thank you, Mr. Chairman.

Today I am testifying on behalf of the Consumer Bankers Association, and my testimony reflects our belief that the Stafford Loan program remains a strong structure for providing capital to students for education.

In developing CBA's reauthorization proposals, which sought to identify areas in which students can be better served, we tried to focus on emphasizing simplification. We have attached a summary of the eight major CBA recommendations, and they accompany this statement, but the proposals that I'll focus on today are those that are based primarily on information provided by student borrowers.

At Citibank as well as at other banks, we regularly serve students, financial aid administrators, parents and others involved in the delivery of student assistance to evaluate the level of service provided and systems modifications that may be necessary. This enables us to improve our student loan product and services. This process also helps us identify aspects of the program that are in need of modification through regulatory and statutory change.

You will notice that the areas of concern I will address parallel those raised by students and most recently, members of the financial aid community, in their testimony before this subcommittee. We have several recommendations, and I would just like to run down them.

One, restore the balance between grant and loan assistance assuming we've got quality education, particularly with respect to the front-loading of grants versus loans.

Two, implement a major public education campaign to assure early awareness of the availability of student aid.

Three, all forms and procedures used in the program need to be simplified and, to the maximum extent possible, standardized. There is no reason why application, deferment and other forms and processing procedures used in the Stafford program need to differ from guarantor to guarantor. These differences confuse students, negatively reflect the level of service they receive from lenders, and make the life of the financial aid administrator unnecessarily difficult.

Specifically, clean up the deferment process—and we have several recommendations there that are very specific—and clean up the status change process—and there again we've got several very specific recommendations.

Four, establish a loan program for middle-income students. CBA has endorsed the unsubsidized middle-income loan program put forth by NCHELP.

Five, simplify the application process, including procedures to allow for the one-time submission of basic eligibility and need information.

However, let me add that CBA believes that while it is appropriate to create a process through which data is collected a single time and update it as necessary, it would be wholly inappropriate to combine the student loan application process with eligibility determination. The application process should not begin until after eligibility is determined.

We've got several other additional modifications which I think would go a long way toward addressing issues raised by students. Consider delayed disbursement requirements only for schools with high default rates; reduce the differences between requirements relating to SLS, PLUS and Stafford Loans to the maximum extent possible. And one major recommendation in this area is the elimination of the current 8 to 10 interest rate structure.

Another recommendation is to eliminate unnecessary or extraneous program requirements and provisions such as certification of registration for selective service.

Another recommendation is to identify means of simplifying repayment through allowing a single payment to cover all loans. We think that this can be handled with some simple changes to the loan consolidation program.

There are two other areas I'd like to address briefly that CBA is concerned about. One is the strength of the guaranty agency system. You know that we had the problem with HEAF last year. CBA welcomes recent Department of Education initiatives to gather data on the financial condition of guaranty agencies. We believe, however, that Congress should enact guidance to the department on what to do if another agency faces financial difficulty, and if a problem does develop, CBA believes that a resolution could be reached at minimal or no cost to the government through the use of advances to write out cash flow problems, or through mergers.

Another area that CBA is concerned about is in terms of the Department of Education's efforts to curb fraud and abuse. We think a lot of progress is being made. Specifically, we follow with interest recent announcements of major personnel changes, including the nomination hearing that was held today. We are very pleased that the department has decided to initiate a substantial reorganization of the Office of Student Financial Assistance designed to effectuate better management and business practices. We expect that the new efforts at the department will complement those of lenders and guaranty agencies to continue to reduce student loan defaults.

In conclusion, I'd like once again to emphasize the commitment of lenders to provide a stable, reliable source of capital to students and to administer the program with the same degree of commitment which we do with respect to our other consumer products.

Thank you for the opportunity to testify.

Senator PELL. Thank you very much indeed, Mr. Biklen.

[The prepared statement of Mr. Biklen follows:]

PREPARED STATEMENT OF MR. BIKLEN

Mr. Chairman, Members of the Subcommittee on Education, Arts and Humanities, my name is Stephen C. Biklen, Vice President with Citibank, New York State. Thank you for the opportunity to testify today on the Stafford Student Loan Program. My testimony today reflects the views of the Education Funding Committee of the Consumer Bankers Association (CBA).[1]

Citibank began making loans to students in New York State in 1958. We are now the largest originator of Stafford Loans in the U.S. and the second largest holder of loans, after Sallie Mae. Last year we made over 244 thousand loans to students and parents of students. This included Stafford, SLS, PLUS and Consolidation Loans. Citibank currently holds over $2.6 billion in Stafford Loans. We hold every Stafford, SLS, PLUS and Consolidation loan we make for the full life of the loan and do not rely on secondary markets.

My testimony today reflects our belief that the Stafford Loan program remains a sound structure for providing capital to students for education. That is not to say that improvements are not needed. In our opinion, many improvements have already been made, the impact of which has yet to be seen, and with some additional changes, we believe the program will continue to

[1]The Consumer Bankers Association was founded in 1919 to provide a progressive voice for the retail banking industry. CBA represents approximately 700 federally insured banks, savings and loans and credit unions that hold more than 80 percent of all consumer deposits, and more than 70 percent of all consumer credit held by federally insured depository institutions.

represent a remarkably successful means of leveraging over $12 billion per year in new private capital in support of education.

Mr. Chairman, lenders are well aware of the interest of this Committee in the Pell Grant program. We share your commitment to strengthen Pell Grants, both by expanding the maximum grant and by assuring that the maximum grant specified will be funded. We hope to work with you on achieving this goal while at the same time improving the Stafford Student Loan program to better meet the needs of students.

In developing its reauthorization proposals, CBA has sought to identify areas where students can be better served and has emphasized simplification. In particular, CBA has focused on Stafford Loans and how this vitally important part of student aid can be made less complicated for students and less costly to the federal government. We strongly recommend that any proposals affecting the loan program specifically, or financial aid generally, also be judged in terms of how they meet student needs.

A summary of the eight major CBA recommendations accompany this statement. The proposals that I will focus on today are those that are based primarily on information provided by student borrowers. At Citibank, we regularly survey students, financial

aid administrators, parents, and others involved in the delivery of student assistance to evaluate the level of service provided and system modifications that are necessary. This enables us to improve our student loan product and services. This process also helps us identify aspects of the program that are in need of modification through regulatory and statutory change.

You will notice that areas of concern I will address parallel those raised by students and, most recently, members of the financial aid community in their testimony before this Subcommittee.

1. Restoration of the balance between grant and loan assistance. Students are clearly concerned that they are borrowing too much, too early in their academic careers. To the extent possible, Pell Grants should be increased and front-loaded to decrease student dependence on loans early in their academic program.

2. Implementation of a major public education campaign to assure early awareness of the availability of student aid. Citibank and other lenders conduct major efforts to make information available to high school students and their parents regarding the availability of Title IV assistance. We believe early information encourages students to go to college who might otherwise assume, mistakenly, that this opportunity is out of

their reach. A major public awareness program should be directed to prevent this. It is clear, however, that more must be done to convince families at all socio-economic levels that higher education is important, achievable and financially possible. Several groups, including the Advisory Committee on Student Financial Assistance, have addressed this issue and CBA suggests that they be studied closely.

3. All forms and procedures used in the program need to be simplified, and, to the maximum extent possible, standardized. There is no reason why application, deferment, and other forms and processing procedures used in the Stafford loan program should differ from guarantor to guarantor. These differences confuse students, negatively reflect the level of service they receive from lenders and make the life of the financial aid administrator unnecessarily difficult. Specific recommendations include:

--Clean up the deferment process. One major step forward would be the simplification and reduction in the categories of deferments available which has been proposed by CBA and other groups. In addition, in-school deferments should be valid until the student's anticipated graduation date. If a student drops out, that change will be captured by the student status change verification process. Any necessary adjustments to interest and

special allowance will then be made by the lender.

--Clean up the status change process. This issue has been raised by several community groups, and currently many students are negatively impacted by flaws in the process. CBA has some specific recommendations with respect to this process that could significantly benefit students.

4. Establish a loan program for middle-income students. Increases in college costs have exacerbated the problems faced by students from middle-income families attending the institution of their choice. More assistance needs to be offered to these students, but at a lesser cost to the federal government than is needed for those programs targeted to low-income students. CBA has endorsed the unsubsidized middle-income loan program put forward by NCHELP.

5. Simplification of the application process, including procedures to allow for the one-time submission of basic eligibility and need information. During a four-year college career, a student may fill out four, eight, or even sixteen separate application forms, all asking identical questions. The system needs to be streamlined to allow for a single, one-time submission of data, with updating only as necessary.

While CBA believes that it is appropriate to create a

process through which data is collected a single time but used for multiple purposes, it would be wholly inappropriate to combine the student loan application process with loan eligibility determination. A student should apply for a student loan only after his/her eligibility for all forms of aid is determined. The loan application can and must be kept separate to assure that all loan applicants are fully aware of their loan obligations.

I would like to suggest several additional modifications which would go a long way toward addressing issues raised by students:

--Eliminate delayed disbursement requirements for all schools except those with high default rates. Stringent default reduction measures should be applied only to those schools with demonstrated default problems.

--Reduce differences between the requirements relating to SLS, PLUS and Stafford loans to the maximum extent possible. One major recommendation in this area is elimination of the current 8/10 interest rate structure. CBA recommends that all loans currently subject to this provision be modified to remain at 8 percent and that all new loans be made at a variable rate, subject to a cap of 10 percent. As an aside, many eligible borrowers will probably choose to avoid the 10 percent interest

rate simply by applying for loan consolidation. This may not always be in the students' best interest, particularly when interest rates are low, and considering the related loss of deferment benefits.

--Eliminate unnecessary or extraneous program requirements and provisions, such as certification of registration for selective service. Student assistance programs should be as simple as possible. Any requirement not directly related to reducing defaults or assuring accountability needs to be struck from the statute.

--Identify means of simplifying repayment through allowing a single payment to cover all loans. This can be accomplished by modifying the loan consolidation program to allow lower balances to be consolidated without a change in interest rate or an extension of the terms.

In addition to the previous recommendations designed to address student needs, CBA has the following comments to present:

Concerns About the Strength of the Guaranty Agency System

The collapse of the Higher Education Assistance Foundation (HEAF) last year was very well publicized. Lenders welcomed the leadership of the Department in assuring that the HEAF guarantees

outstanding would be honored. Lender concerns about the guaranty agency system as a whole, however, continue.

CBA welcomes recent Department of Education initiatives to gather data on the financial condition of guaranty agencies. We believe that Congress should enact guidance to the Department on what to do if another agency faces financial difficulty. If a problem does develop, CBA believes that a resolution can be reached at minimal or no cost to the government through the use of advances to ride out cost-flow problems, or through mergers.

Department of Education Efforts to Curb Fraud and Abuse

CBA has followed with interest the recent announcements of major personnel changes at the Department of Education. Lenders are pleased that the Department has decided to initiate a substantial reorganization of the Office of Student Financial Assistance designed to effectuate better management and business practices. Last month, a group of lenders on the CBA Education Funding Committee had an opportunity to meet with Michael Farrell, the new Deputy Assistant Secretary for Student Financial Assistance. We were very impressed with his interest in taking full advantage of modern data processing to improve management of the program.

We expect, Mr. Chairman, that the new efforts at the Department of Education will complement those of lenders and guaranty agencies to continue to reduce student loan defaults. We have indicated our willingness to help the Department on its efforts in this area.

In conclusion, Mr. Chairman, I would again like to emphasize the commitment of lenders to provide a stable, reliable source of capital to students and to administer the program with the same degree of commitment we do our other consumer product areas. During the past 25 years, the Stafford Loan program has provided over $100 billion in capital to students in pursuit of postsecondary education. It represents a successful public-private partnership which, with some changes, will be even more successful in the future.

Thank you again for the opportunity to testify. I would be happy to respond to any questions you or other members of the Committee may have.

(105A681)

CBA REAUTHORIZATION PROPOSALS

The Consumer Bankers Association (CBA) believes that the reauthorization of the Higher Education Act should focus on the important social objectives of the program. In the last several years, rising education costs and inadequate growth in Pell Grant funding have led to increasing numbers of low-income students relying on student loans rather than grants to attend school. A failure to correct this trend will result in the further erosion of educational opportunity and lead directly to a decrease in access for students with the greatest economic need. The result will be a decline in America's ability to compete with other nations. Therefore, CBA endorses the efforts of Senator Pell (D-RI) and Representative Ford (D-MI) to increase grant assistance through vital expansion of the Pell Grant program.

The Guaranteed Student Loan programs represent a dramatically successful public - private partnership designed to achieve a valued social goal. In order to preserve and enhance that partnership, CBA has identified eight legislative priorities for the pending reauthorization of the Higher Education Act of 1965, as amended:

1. Simplified administration of the program through the use of modern data processing. CBA strongly endorses the elimination of unnecessary paperwork in the Guaranteed Student Loan programs. Record-keeping and loan administration practices in the student loan industry have fallen behind standards generally applicable to the consumer loan industry. Methods of record retention including microfilm, microfiche, laser disc, computer disc, and image optics should be utilized by the Department of Education to eliminate the storage of paper record-keeping beyond the loan application and the promissory note. Regulations issued by the Department of Education should accomplish the following:

- o simplify all aspects of the student loan process including application, disbursement and origination;
- o improve communication between lenders and guarantors by requiring the use of uniform reporting documents (this would also enhance borrower understanding of their loan obligation);
- o simplify fulfillment of institutional responsibilities under this part by institutions of higher education; and
- o improve the administration and oversight of the program by the U.S. Department of Education.

2. Simplification of borrower deferments. Under current law, eleven separate deferment categories allow borrowers to defer loan repayment. The proliferation of deferments has increased the complexity of program administration and has proven to be confusing to borrowers. Congressional intent in instituting deferments was to recognize the legitimate need for financial relief for borrowers in certain circumstances. CBA recommends the elimination of all deferment categories except the time periods during which a borrower is enrolled as a full-time student; and documented instances of economic hardship, such as unemployment or total disability. Lender use of forbearance allows all other borrower circumstances to be fairly and appropriately considered.

3. Due diligence procedures. Major lenders and servicers are in agreement that the due diligence regulations are too rigid and result in a higher priority being placed on maintaining compliance with the regulations than on loan collection. The Department of Education acknowledged the problems caused by the regulated standards currently in effect and recommended revisions to the thirty-day "bucket" system in the NPRM for the 1986 Higher Education Act Reauthorization in November, 1990.

It is CBA's view that the collection practices of a lender should be measured and taken into consideration when claims are approved or denied for payment. By establishing a tolerance rate for errors, lenders could concentrate on enhanced loan collection efforts rather than lock-step compliance with required letters and phone contacts which may or may not contribute to a borrowers repayment of the debt.

By imposing a percentage guideline for compliance, any lender who maintains a pre-determined performance rate standard (for example, 95 percent) on completion of mandatory due diligence steps would be assured full payment of insurance, interest and special allowance on loans made. This compliance would be monitored on a annual basis during the mandatory audit of a lender's portfolio. The audit would be paid for by the lender, monitored by the Department of Education, and performed by an independent third party auditor. Parameters of the audit, as defined by the Department, would follow standard accounting practices and would include a defined statistical sampling technique upon which a lender's performance would be measured. The performance measurement derived from the audit would be used by all guaranty agencies with whom the lender has participation agreements to determine how claims were to be paid. Lenders whose samples are found to be above the standard would be reviewed for proper monetary and technical data. Failure to maintain compliance at or above the defined standard would result in a full review of each file for the given time period and the assessment of prescribed penalties. Without the threat of

inordinate penalties for inconsequential regulatory violations, the lending community would attempt collection innovations which emphasize the true spirit, rather than the exact letter of the law.

4. Procedures for handling insolvency of a guaranty agency. CBA believes that the statute should require guaranty agencies to operate on a sound actuarial basis. Furthermore, the statute should define steps to be taken by the Secretary of Education in the event of a guaranty agency solvency. In light of the recent collapse of the Higher Education Assistance Foundation, interest in these proposals has increased among the Congress and the Administration. Therefore, CBA recommends that the Act should require the Secretary of Education to do the following:

1. Periodically re-evaluate the solvency of all guaranty agencies.

2. Identify agencies which fall below specified federal standards relating to reserve ratio and/or other indicators of administrative and financial viability and require such agencies to: (A) operate under a guarantee management plan approved by the Secretary, (B) if appropriate, overcome a short-term cash flow problem through the receipt of additional repayable advances, (C) merge their operations with a stronger agency, or (D) terminate their operations and assign responsibilities for outstanding guarantees to the Secretary. After consultation with lenders, it would be the Secretary's prerogative to transfer such guarantees to a solvent agency.

3. Require the Department to publish the results of an annual survey of guaranty agencies to facilitate lender evaluations of agencies.

5. Use of negotiated rulemaking procedures to promulgate Title IV regulations. A recent GAO briefing report verified that the Department of Education rarely complies with the statutory requirement that regulations be promulgated within 240 days of legislative enactment. The regulations necessitated by the passage of the 1986 reauthorization of the Higher Education Act are not yet finalized; the NPRM did not appear in the Federal Register until November, 1990. Given the significant liabilities imposed on lenders, secondary markets and guaranty agencies for failure to properly administer the GSL program, the issuance of clear and timely guidance about legislated program changes is imperative.

The complexity of the GSL program is such that the Department of Education and the higher education community stand to benefit from early and direct communication about these mandated regulations. Early consultation can serve to educate the community and sensitize the Department to potential problems

regarding implementation. For these reasons, CBA supports the use of regional meetings and negotiated rulemaking procedures in the development of regulations to govern the implementation of the reauthorization of the Higher Education Act, as was required, with certain modifications, in recent reauthorizations of the Elementary and Secondary Education Act and the Vocational and Adult Education Act. The use of negotiated rulemaking to promulgate regulations governing the implementation of Title IV should in no way be seen as a substitute for the useful and ongoing communication and issuance of Dear Colleagues which the Department presently undertakes with the higher education community.

6. Insurance to lenders. CBA believes that the requirement that guarantors offer 100 percent insurance to lenders as a condition for insurance program agreements with the Secretary is critical to maintaining open access to loans for all borrowers. The program already involves significant loss to lenders. Even with a 100 percent guarantee, lenders face significant losses because of strict due diligence penalties; and penalties resulting from retroactive regulatory changes that affect pre-existing loan agreements. Lender profitability has been reduced (GAO/HRD 90-130) and lender participation in the program has diminished as a direct result of this increased financial risk.

In the past, lender risk sharing has been put forth as a means of default reduction. There are preferable means of achieving this legitimate goal. CBA has proposed, for example, that lenders be given additional flexibility in fashioning collections procedures. It should also be noted that Congress has enacted numerous bills and amendments aimed at reducing GSL defaults. Remaining default reduction options such as stricter school cutoff rates or co-signer requirements will only serve to reduce access to loans for those potential borrowers most in need of financial assistance in order to pursue higher education.

7. Special Allowance. The special allowance paid to lender participants in the GSL programs is calculated by adding 3.25 percent to the 91-day treasury bill rate. The 1989 CBA Student Lending Survey found that the return earned by lenders in the GSL program was typically less than that earned on other consumer loan products. As the cost of funds and operational costs associated with the student loan business continue to increase, financial managers at lending institutions will revaluate their level of participation in the program. In order to maintain open access to loans for all eligible borrowers, the current special allowance calculation should be preserved. Additionally, if Congress determines that high-risk borrowers should continue to have access to GSLs, enactment of a higher special allowance to increase the return to lenders on loans made to such student borrowers should be considered.

8. Loans for middle-income students currently ineligible for guaranteed student loans. Students determined to be ineligible to borrow under congressional methodology remain eligible for unsubsidized Guaranteed Student loans. Because these loans are unsubsidized and offered at 8 percent, they are made by very few lenders. The Supplemental Loans for Students program (SLS) makes unsubsidized, guaranteed loans available to independent students and, in special circumstances, dependent borrowers, but many middle income students who need financial aid remain unserved.

CBA endorses a proposal put forth by NCHELP to expand loan access to guaranteed but unsubsidized loans to all eligible students. Under the NCHELP plan, only those students showing financial need would continue to be entitled to in-school interest benefits through subsidized Stafford loans. Unsubsidized loans would be available to those not qualifying for full subsidized Stafford loans. Interest on the unsubsidized loans that accrues during in-school, grace, and deferment periods would be paid either quarterly or capitalized, as agreed upon by the lender and the borrowers. Borrowers would pay a 5 percent reinsurance premium to offset the costs associated with defaults. The NCHELP proposal does not contain a specific proposal for an interest rate on unsubsidized loans. It is assumed that a rate would be set to eliminate any special allowance in all but extraordinary circumstances.

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Senator PELL. We now come to Mr. Zucchini, executive vice president, Fleet/Norstar Financial Group, from—I am glad to say—Providence, RI. Welcome. It is very nice to see you.

Mr. ZUCCHINI. Thank you, Mr. Chairman.

Fleet/Norstar Financial Group is a diversified financial services company which does business in all States represented by the members of this committee. On behalf of Fleet/Norstar and its employees, I am very pleased to appear before this committee.

Fleet/Norstar has a deep corporate commitment to the communities in which we do business and to the citizens, both young and old. In 1990, we contributed in excess of $4 billion corporate-wide to the communities we serve. Those contributions were focused primarily on education.

As a separate initiative from our normal corporate giving, in 1990 the Fleet Charitable Trust funded the production and distribution of the highly-acclaimed "Ten Minutes on Drugs" video, which has been distributed at no cost to over 10,000 schools and community organizations nationwide. This film was developed to educate young people as part of the national war against drugs. Our most conservative estimates show that this film has been seen by over 5 million students and their parents, and we believe it is well on its way to achieving its goal.

As a part of our commitment and in an effort to provide comprehensive client services, we are actively involved in the financing of higher education through the making and servicing of student loans. We originate in excess of $250 million in government-guaranteed student loans to over 95,000 students per year through our banks.

AFSA Data Corporation, our student loan servicing subsidiary, provides student loan processing for over 2.3 million students who have borrowed approximately $6 billion in government guaranteed and campus-based loans.

The Stafford Loan program is an excellent example of a successful public-private partnership. My testimony today will focus on that partnership.

The student loan programs which were designed to utilize private capital to meet a public need were based upon three fundamental principles. First, lenders would make money available to students without regard to their ability to repay the loan. In fact, students receiving loans under this program must prove financial need, hence their inability to repay the loan at the time it is granted.

Second, to reduce the cost of the loan to the student and to assure a reliable source of capital, the Federal Government would pay the interest on the loan for the student during all in-school, grace and deferment periods and subsidize the interest on the loan through a special allowance payment.

Third, in return for making this money available to high-risk students, lenders would receive a guarantee from the Federal Government that if the student borrower was ultimately unable to repay the loan, the government would repay the debt.

The fundamental premises upon which these loan programs were founded still apply, but with one significant change. Lenders no

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longer have confidence in the Federal guarantee if a student does not repay his or her loan.

Let me use an example of one student loan to illustrate the impact of this change. I hope this example will help convince you of the need to modify servicing regulations so as to restore the original premise on which the program was founded.

In the example contained in the full written text, we identify a situation where a one-day delay in initiating a skip-tracing results in a substantial penalty. In our example, the lender is penalized the equivalent of 3.8 years of pre-tax return for an inconsequential servicing error.

This is only one of many possible errors which could result in significant financial penalties to lenders. If the real intend of penalizing lenders for specific errors made in collecting a student loan is to ensure that defaults are prevented whenever possible, then requiring reperformance of missed activities or performance of additional activities would be much more productive than assessing financial penalties for inconsequential servicing errors.

The regulatory approach, however, has not pursued this option.

Many people would agree that a 99.5 percent accuracy and quality rating on any noncritical business transaction is an acceptable rate. If you take a $4 billion loan portfolio, one with 1.3 million student loans, and apply this error rate, the financial impact is staggering. The potential exposure for this type of portfolio is $20 million in principal and $1.1 in lost interest earnings per year for servicing errors which do not affect the collectability of the loan. When an error occurs in servicing a student loan, it should be corrected for reperformance, and we should be able to move forward with the guaranty intact.

Mr. Chairman, I believe this approach is reasonable, especially considering that the return on a properly serviced student loan is only 50 percent of that of a typical consumer loan.

The education financing partnership among lenders, servicers, guarantors and the Federal Government as exemplified by the Stafford Loan program depends in large measures on the significant financial, technological and management expertise that we and many others bring to this partnership.

This advantage should and must be continually utilized as you move through the reauthorization process and you write the legislation which will affect students' ability to finance postsecondary education. We look forward to working with you throughout the process and will make the resources of Fleet/Norstar available to assist you in your endeavors.

Mr. Chairman, thank you for the opportunity to provide this testimony. I will be happy to answer any questions that you may have.

Senator PELL. Thank you very much, Mr. Zucchini.

[The prepared statement of Mr. Zucchini (with an attachment) follows:]

PREPARED STATEMENT OF MR. ZUCCHINI

Good morning, I am Michael Zucchini, Executive Vice President and Chief Information Officer of Fleet/Norstar Financial Group. Fleet/Norstar is a diversified financial services company with over 1,000 offices nationwide. In fact, we do business

in all states represented by the members of this committee.[1] On behalf of Fleet/Norstar and its employees, I am very pleased to appear before this committee.

Fleet/Norstar has a deep corporate commitment to the communities in which we do business, but most particularly, to the youth of those communities. In 1990, we contributed in excess of $4 million corporate wide to the communities we serve. Those contributions were focused primarily on education. Through activities such as the Fleet Youth Initiative in Rhode Island and Connecticut and the Fleet Youth Lenders in Maine, we enable young people to take leadership roles in their communities at early ages and to participate in activities which will help them to become contributing members of our society.

As a separate initiative from our normal corporate giving, in 1990 the Fleet Charitable Trust funded the production and distribution of the highly acclaimed "Ten Minutes on Drugs" video which has been distributed at no cost to over 10,000 schools and community organizations nationwide. This film was developed to educate young people as a part of the national war against drugs. Our most conservative estimates show that this film has been seen by over 5 million students and their parents and we believe it is well on the way to achieving its goal.

As you can see, we take our corporate responsibilities seriously in the markets where we do business. We believe that we have a moral responsibility to be a good corporate citizen. In fact, several of our banks have recently undergone review to determine their commitment to the Community Reinvestment Act. The two banks which have completed the review have received outstanding ratings, which are the highest possible and are given to less than 10 of the banks reviewed.

As a corporation, Fleet/Norstar is strongly committed to education at all levels. As part of our commitment and in an effort to provide comprehensive client services, we are actively involved in the financing of higher education through the making and servicing of student loans. We originate in excess of $250 million in government guaranteed student loans to over 95,000 students per year through our banks. AFSA Data Corporation, our student loan servicing subsidiary, provides student loan processing services for over 2.3 million students who have borrowed approximately $6 billion in government guaranteed and campus based loans.[2]

The Stafford Student Loan program is an extraordinary example of a successful public/private partnership. It has provided $114 billion in student loans to over 26 million students since its creation in 1965. My testimony today is focused on that partnership.

The student loan programs which were designed to utilize private capital to meet a public need were based upon several fundamental principles:

—Lenders would make money available to students without regard to their ability to repay the loan. In fact, the students receiving loans under this program must prove their financial need and hence their inability to repay the loan at the time it is granted.

—To reduce the cost of the loan to the student and to assure a reliable source of capital, the Federal Government would pay the interest on the loan for the student during all in-school, grace and deferment periods and subsidize the interest on the loan through a special allowance payment.

—In return for making this money available to high risk students, lenders would receive a guarantee from the Federal Government that if the student borrower was ultimately unable to repay the loan, the government would repay the debt.

The fundamental premises upon which these loan programs were founded still apply, but with one significant change. Lenders no longer have confidence in the federal guarantee if a student does not repay his or her loan.

Let me use an example of one student loan to illustrate this change and its impact on the educational financing system. I hope this example will help convince you of the need to modify servicing regulations so as to restore the original premise on which the program was founded.

The example, illustrated on the chart in front of you, is also included as Attachment A in my testimony. The student in this example could have attended Brown

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[1] Fleet/Norstar Financial Group is a diversified financial services company listed on the New York Stock Exchange (NYSE-FNG). Fleet/Norstar has approximately 1,000 offices nationwide. Its lines of business include commercial and consumer banking, mortgage banking, consumer finance, asset-based lending, trust banking, student loan processing and investment banking.

[2] AFSA is the student loan processing subsidiary of Fleet/Norstar Financial Group, Providence, R.I. The nation's largest third-party student loan processor, AFSA provides processing services for student loan portfolios valued in excess of $6 billion. AFSA operates student loan processing and origination centers in Long Beach, California, Lombard, Illinois and Utica, New York.

University, Manchester Community College, or any number of schools in states where we do business. The total amount borrowed is $4,400. The lender yield on this $4,400 for one year of repayment is $499.84. This assumes interest and special allowance benefits of 91-day T-Bill plus 3.25 percent, which as of May 1, 1990 was 11.36 percent. Average lender cost of funds for that point in time was 9.06 percent, or $398.64 per year. The average cost of servicing a student loan is approximately $36.00 per year. This leaves a pre-tax return of $65.20 per year on an after tax return of $39.59 year.

Mr. Chairman, this return is only 50 percent of that on a typical consumer loan. Furthermore, that return assumes that we have been able to service this loan without , let me emphasize, servicing error. If, for example, this borrower moved and didn't notify us of his/her new address, the account would have to be skip-traced. If we inadvertently begin the skip-tracing process one day later than the regulations require, we are subject to a penalty equal to 180 days of accrued interest, even if we locate the borrower during the skip-tracing process.

Now, that doesn't make much sense to me. Beginning skip-tracing one day late has no material impact on the collectability of a loan. Penalizing a lender the equivalent of 3.8 years of pre-tax return for an inconsequential servicing error is unreasonable. this is only one of many possible minor errors which could result in significant financial penalties to lenders. If the real intent of penalizing lenders for specific errors made in collecting a student loan is to ensure that defaults are prevented wherever possible, then requiring reperformance of missed activities or performance of additional activities would be much more productive than assessing financial penalties for inconsequential servicing errors. The federal regulators, however, have opted not to pursue this approach.

Many people would agree that a 99.5 percent accuracy and quality rating on any non-critical business transaction is an acceptable rate. If you take a $4 billion loan portfolio, one with 1.3 million student loans, and apply this error rate, the financial impact is staggering. The potential exposure for this size portfolio is $20 million in principal and $1.136 million in lost interest earnings per year, for servicing errors which do not affect the collectability of the loan. This loss in interest alone equates to one year's lost pretax earnings on 17,423 loans. This does not take into account the loss of principal which may occur through the loss of the guaranty. When an error occurs in servicing a student loan, it should be corrected through reperformance and we should be able to move forward with the guaranty intact.

One important thing I want to emphasize is that it is literally three times more expensive to service a delinquent or defaulted loan than a current loan. Lenders and servicers are thereby given a strong natural incentive to do a good job at collecting in order to keep the loans in repayment and to avoid the high cost of servicing a delinquent loan. The education financing partnership among lenders, servicers, guarantors and the federal government, as exemplified by the Stafford Student Loan Program, depends in large measure on the significant financial, technological, and management expertise that we and many others bring to this partnership.

This advantage should and must be continually utilized as you move through the reauthorization process and write the legislation which will affect students' ability to finance postsecondary education. We look forward to working with you throughout the process and will make the resources of Fleet/Norstar available to assist you in your endeavors.

Mr. Chairman, thank you for the opportunity to provide this testimony. I will be happy to answer any questions you may have.

STUDENT A

Total Loans Borrowed	$4,400.00
Yield Per Year (Interest and Special Allowance Benefits Paid to Lender - 91 day T-Bill and 3.25% = 11.36 as of 5/1/90)	499.84
Average Lender Cost of Funds Per Year (9.06% of 5/1/90)	398.64
Average Servicing Cost Per Year	36.00
Pre-tax Profit	65.20
After Tax Profit	39.59

$249.92	=	Servicing Error Penalty is Interest Limitation to Date of Default - 180 Days of Lost Interest Earning
65.20	=	Pre-tax Profit
3.83	=	180 Day Lost Interest Earnings equals Years of Pre-tax Profit

SAMPLE LOAN PORTFOLIO

Loan Volume Outstanding	$4,000,000,000
Servicing Error	.5%
Potential Principal Exposed Due to Servicing Errors	$20,000,000
Potential Interest Penalties Due to Inconsequential Servicing Errors 180 days at 11.36%	$1,136,000
Penalty calculated in terms of pre-tax earnings on individual loans ($1,136,000 divided by $65.20)	17,423

Senator PELL. We'll turn now to Mr. Donovan, who is president of the Northwest Education Loan Association in Seattle, WA, on behalf of the National Council of Higher Education Loan Programs.

Mr. DONOVAN. Thank you, Mr. Chairman.

By way of clarification, the Northwest Education Loan Association is a guaranty agency in the State of Washington,

The National Council of Higher Education Loan Programs, NCHELP, of which I am also president this year, is composed of guaranty agencies, secondary markets, and other organizations involved in the delivery of GSL's.

NCHELP has spent over 2 years developing its reauthorization proposals. It published its position paper last summer, organized around six fundamental principles, three of which I would like to comment on today. I am submitting for the record the full paper containing NCHELP's reauthorization proposals.

Senator PELL. Yes—and this will apply to all witnesses—your full statements will be inserted in the record as if read.

Mr. DONOVAN. Thank you, Mr. Chairman.

The first and overriding principle is that the foundation of financial assistance to low-income students should be grant aid. And I am echoing many of the other comments you have heard this morning. NCHELP is extremely concerned that budget pressures and the absence of an entitlement for the Pell Grant program have forced students to borrow high amounts early in their programs of study. Many of these students do not finish their programs. They often find themselves unemployed or underemployed and unable to repay their loans.

NCHELP urges that Pell Grants be concentrated on the early stages of a student's program of studies, with loans serving only a supplemental function during this time. Then, as a student's education continues, his loan eligibility would be increased and his Pell Grant eligibility reduced.

We believe that if possible grant aid should cover one-half of the student's program—3 months in a 6-month program, 2 years of a 4-year program. Since the student probably would not be borrowing during this period, the Federal subsidies which would have been paid on his GSL could be devoted to the Pell Grant program.

Also added to the Pell Grant program could be funds saved as a result of significantly reduced defaults in the GSL program. As you know from the recent GAO survey of default literature, one significant characteristic of defaulters is that they have dropped out early in their program of studies. Last year, 70 percent of all defaults paid by my agency, for example, were for students who had withdrawn prior to completing their program of study.

It is our hope that by focusing on the first half of a program of studies, Pell Grants can be converted to entitlements. NCHELP is developing a model to prove that it can be done, and done under existing budget constraints.

The second principle in NCHELP's reauthorization proposal that I'd like to comment on this morning is that the financial aid programs should promote educational effectiveness as well as opportunity. This principle addresses the issue of school eligibility. Congress, and in particular this subcommittee, has taken significant

actions over the past several years to assure that schools that abuse the programs are denied further eligibility. The focus now should turn to not allowing such schools into the program in the first place.

While Secretary Alexander has already taken administrative steps to tighten up the oversight of accrediting agencies, NCHELP proposes that he be given specific authority to set standards for those agencies. Similarly, while the secretary may not have the constitutional right to dictate State licensing standards, he should be given authority to set minimum standards related to educational outcomes and consumer protection as a precondition for participation in Federal student aid programs.

The third principle that I'd like to comment on this morning is that the GSL programs are sound and are essential to promoting educational choice. Within this framework, NCHELP has addressed the financial need of middle-income students.

One of the major changes in the Guaranteed Student Loan program made by the 1986 Amendments was the imposition of a needs test on all borrowers. As a result, many students from middle-income families became ineligible for subsidized Stafford Loans. NCHELP proposes that an unsubsidized Stafford Loan program be created to aid students from middle-income families. It would be identical to the existing subsidized program in all its terms and conditions, with the single exception that in-school interest for middle-income borrowers would not be subsidized by the Federal Government. A borrower could fill out a single application encompassing both the subsidized and unsubsidized programs. If he showed need for a portion of the amount, he could receive that portion on a subsidized basis and the remainder on an unsubsidized basis.

I have shortened the presentation, Mr. Chairman, to meet the 5 minutes, and I see I have done that, so I'd be happy to answer any questions.

Senator PELL. Thank you very much, Mr. Donovan.

[The prepared statement of Mr. Donovan follows:]

PREPARED STATEMENT OF MR. DONOVAN

Mr. Chairman and Members of the Subcommittee. My name is Carl Donovan, I am President of the Northwest Education Loan Association and current President of National Council of Higher Education Loan Programs (NCHELP). The Council is association of organizations and agencies involved in the administration of I Guaranteed Student Loan Program. Voting Membership is comprised of almost all of I State and private nonprofit guaranty agencies, secondary markets, and direct lends Associate Members include most of the major lenders, third-party servicers, collectors, Sallie Mae, and other organizations involved with the GSL Program. In essence, if 1 student is viewed as the ultimate consumer of Guaranteed Student Loans, NCHELP represents the providers of such loans.

We welcome the opportunity to appear before you today, as NCHELP shares your conviction, Mr. Chairman, that this reauthorization of the Higher Education Act may prove to be the most important since the law's enactment in 1965 and the adoption the Pell Grant Program in 1972. After all, most of the Federal student aid programs ha been on the books more than 25 years. It is time that they be given a thorough review, with a eye toward their simplification and coordination, the better to meet the needs today's students.

NCHELP has been working on development of its reauthorization proposals I more than two years. Today I would like to share with the Subcommittee the high-

light of those recommendations. I am submitting the full paper containing the Council proposals for the record.

The NCHELP reauthorization proposals are designed to implement six basic principles:

—The foundation of financial assistance to low-income students should be grant aid.

—Access to postsecondary education must remain a national priority and federal student assistance programs should promote educational effectiveness as well as educational opportunity.

—The concepts underlying the Guaranteed Student Loan Program are fundamentally sound; the Program is essential to the financing of postsecondary education and to promoting educational choice.

—The Guaranteed Student Loan Program must be fiscally sound, responsive, and flexible.

—The administration and financing of the Guaranteed Student Loan Program represent a successful decentralized partnership among guaranty agencies, secondary markets, commercial lenders, servicers, institutions of postsecondary education, and the Federal government.

—Stability and continuity are essential to the continued success of the Guaranteed Student Loan Program and contractual agreements among participants must not be abrogated.

While it may sound unusual for an organization primarily concerned with student loans to urge a redress of the current grant/loan imbalance, NCHELP is extremely concerned that budget pressures and the absence of an entitlement for the Pell Grant Program have conspired to force students to borrow inappropriately high amounts in order to be able to attend postsecondary education programs. We believe that this reauthorization must address this problem, as the Subcommittee creates student aid programs in the 90's.

NCHELP proposes to address the grant/loan imbalance by restructuring the Pell Grant and GSL Programs, to make them work more closely together and to assure that students receive substantial amounts of grant aid, at least during the early portions of their postsecondary experience. Specifically, we urge that Pell Grant funds be concentrated on the beginning of a student's higher education career, with loans serving only a supplemental function, if any, during this time. Then, as the student's education continues, his loan eligibility would be substantially increased, and his Pell Grant eligibility reduced.

A student entering postsecondary education is making a substantial transition from high school life. He should be able to make this transition predominantly through grant assistance, and not have his life complicated by a substantial debt burden. Once he has adapted to college life, he is better suited to undertaking a loan obligation, and better able to repay that obligation.

By concentrating Pell Grant funds on the early period, a significant Pell Grant could be achieved without eliminating needy students from eligibility and within the context of current budget requirements. The NCHELP proposal is not specific about what portion of a student's curriculum should be covered by Pell Grants, since this may have to be governed by budget strictures. However, we believe that, if possible, grant aid should cover one-half of a student's educational program—3 months in a 6-month program, or 2 years of a 4-year college education. This would allow for a transition relevant to the student's individual program. Since the student would probably not be borrowing during this period, the Federal subsidies which would have been paid on his GSL could be attributed to the coordinated Pell Grant Program. It is NCHELP's hope that by combining the programs, Pell Grants can be converted to entitlements through merger with GSL's entitlement.

The front-loading of Pell Grants would also significantly reduce defaults in the Guaranteed Student Loan Program, which would, under current budget rules, make even more entitlement funds available for Pell Grants. As you know from the recent GAO survey of default literature, one significant characteristic of defaulters is that they are dropouts. Under current law, a student forced to borrow because of the unavailability of grant aid is almost certain to default if he leaves school early in his career. After all, he has not received the training or degree he initially sought, and will not receive the salary he anticipated and against which he borrowed. By the time a student has completed half of the curriculum, he has great promise of completing his course, getting a job, and being able to repay his loan.

NCHELP is convinced that coordinating Pell Grants and Guaranteed Student Loans, through a combined entitlement, would benefit and focus both programs. We are in the process of developing a model to prove that it can be done, and done under existing budget strictures.

While NCHELP is concerned that federal student aid programs continue their basic mission of providing access to postsecondary education, we believe that it is essential that such access be to quality education. The Subcommittee has taken significant actions over the past several years, with strong NCHELP support, to assure that "bad schools" are eliminated from the GSL Program. But it is better for students and taxpayers if "bad schools" are not allowed into the Program in the first place.

NCHELP proposes strengthening the Secretary's authority to keep out institutions which are marginal, either educationally or financially, by changes in the current eligibility rules. Existing law makes an institution eligible if it is accredited by an accrediting agency recognized by the Secretary and licensed by the State in which it is located. While Secretary Alexander has already taken administrative steps to tighten up his recognition of accrediting agencies, NCHELP proposes that the law be amended to give him specific authority to set standards for accrediting agencies to meet in their consumer protection requirements. Similarly, while the Secretary may not have a constitutional right to dictate State licensing standards, NCHELP believes that he should be given statutory authority to set minimum standards relating to educational outcomes and consumer protection requirements which State licensure must meet in order to qualify an institution for participation in Federal student financial aid programs.

All participating educational institutions should be required to demonstrate financial and administrative competency and integrity before participating in Federal student aid programs and as a condition of continued eligibility. NCHELP recommends that any new institution desiring to participate in the GSL Program be required to establish a Default Management Program for the first two years of its participation. Any institution which changes ownership or becomes a branch should also be subject to a Default Management Program for two years after change of ownership or status. In addition, guaranty agencies should have authority to regulate loan volume of such institutions.

Other institutional eligibility rules also need to be tightened. Under existing law, students in programs of less than 600 clock hours are only eligible for Guaranteed Student Loans. These are exactly the students who should not be borrowing. A course of only a few weeks length usually trains a student for a minimum wage job, certainly not an income level which allows for loan repayment. While students in extremely short courses may need some sort of Federal assistance, we urge that it not be loans, and that the definition of an eligible course for GSL be made the same as the definition currently applicable to Pell Grants and campus-based programs.

Similarly, NCHELP urges that correspondence education be made ineligible for Guaranteed Student Loans. Under the Department's interpretation of current law, if any course offering of a correspondence school has a residential component, students in all of the courses offered by that school are entitled to borrow. Correspondence education is almost impossible to monitor—how does a lender know when a borrower has dropped out? It should be eliminated from GSL eligibility.

Current law requires that, if an institution advertises job placement rates, it must disclose to prospective students the data upon which such claims are based. NCHELP believes that this disclosure comes too late in the process to have a significant impact on a student's choice. Therefore NCHELP recommends that if an institution advertises, it must include relevant default, salary, and job placement information in its ads.

One of the major changes in the Guaranteed Student Loan Program made by the 1986 Amendments was the imposition of a needs test on all borrowers. As a result, many students from middle-income families were eliminated from eligibility for subsidized Stafford loans. However, as the Subcommittee is aware, college costs are increasing annually, and middle-income families are finding it exceptionally difficult to finance college expenses. While alternative loan programs have burgeoned, they are unable to meet the needs of families across the country.

Therefore, NCHELP proposes that an unsubsidized Stafford Loan Program bed created to aid students from middle-income families. It would be similar to the existing subsidized program in all of its terms and conditions, with the single exception that in-school interest for middle-income borrowers would not be subsidized by the Federal government. Instead, such interest would be paid by the borrower or added to the principal amount borrowed no more frequently than quarterly. No Origination Fee would be collected; however, borrowers would pay a 5 percent reinsurance premium to cover default costs and Special Allowance payments, if any were required. As NCHELP envisions the unsubsidized Stafford Loan Program, it would not necessitate any new forms or applications. A borrower could fill out a single document encompassing both the subsidized and unsubsidized programs; if he showed

need for a portion of the amount, he could receive that portion on a subsidized basis and the remainder on an unsubsidized basis.

NCHELP recommends that the interest rate for new borrowers in both the subsidized and unsubsidized Stafford Loan Programs be set at market rate, as currently calculated for SLS and PLUS loans, with the ceiling to the borrower set at 10 percent. The 1986 Amendments set a split rate of 8 percent for the first four years or repayment, with an increase to 10 percent thereafter, plus a cumbersome "windfall" provision to assure that lenders were not unfairly enriched. This action has proved a nightmare to lenders and servicers alike. It also serves borrowers poorly, as lenders are unable to consolidate their indebtedness administratively if their loans are at different rates at the same time. We urge the Subcommittee to eliminate all 8/10 percent split loans and repeal the "windfall" provision, converting those borrowers to a flat 8 percent rate. Since all new borrowers would pay a rate reflecting recent Treasury bill rates, no "windfall" would be possible.

Similarly, NCHELP urges that all new borrower be given only three deferments: in-school, unemployment, and temporary, total disability. These three categories, plus liberal lender forbearance, can cover all of the situations currently detailed in 13 specific deferments, all with their special rules, regulations, certifications, and complications. Students are totally confused by the current panoply of deferments and often fail to seek deferments for which they are eligible. For example, a lender is able to back-date an unemployment deferment only 3 months, under current regulations, and must require paperwork documenting continuing unemployment every three months thereafter. If an unemployed borrower doesn't realize that he is eligible for a deferment until 4 or 5 months after he becomes unemployed, he may already be inextricably caught in the web of delinquency and default. Simplification of deferments to an easily-understandable number would assure that borrowers get the relief from loan repayment that Congress intended.

The Guaranteed Student Loan Program is currently operating under regulations designed to implement the Education Amendments of 1980, regulations which became final after the enactment of the Education Amendments of 1986. Regulations to implement the 1986 Amendments were promulgated as a Notice of Proposed Rulemaking late last fall, and the NPRM did not include any of the provisions adopted in the 1989 and 1990 Budget Reconciliation Acts. NCHELP believes that it is unconscionable that a complicated program which makes available approximately $12 Billion per year to student and parent borrowers should not have up-to-date, publicly aired regulations. For this reason, we urge you to apply the Negotiated Rulemaking process you have already implemented for the Chapter 1 and Carl D. Perkins Vocational and Applied Technology Education Act programs to the Guaranteed Student Loan Program.

The great bulk of the NCHELP reauthorization paper was adopted by the Council's Board of Directors last July, just before the collapse of the Higher Education Assistance Foundation. That collapse triggered concern about guaranty agency fiscal strength and stability. Since the current law conditions agency financing on loan volume, there was additional concern that the front-loading of Pell Grants, as proposed by NCHELP, might result in a substantially reduced loan volume, thereby endangering the fiscal health of additional agencies. I therefore appointed an NCHELP Task Force on Guaranty Agency Financing, to develop proposals to assure guaranty agency financial stability if the size of the loan program were constricted as a result of Congressional action to redress the current grant/loan imbalance. We will share these proposals with the Subcommittee as soon as they are adopted by the Council.

Similarly, when NCHELP proposed Lender-of-Last-Resort language to the Congress in 1985, it was assumed that any loan access problems would be, as they had historically been, regional in nature. However, today's emphasis on unacceptable default rates raises the specter of lack of access for high-risk borrowers only. The situation is potentially exacerbated by proposals such as that of the Administration that would impose lender risk-sharing at a cohort default level of 20 percent, significantly lower than the 35 percent cut-off level adopted by the Congress in the 1990 Reconciliation Act. NCHELP has formed a joint task force with the Consumer Bankers Association and Sallie Mae to attempt to devise an economically feasible solution to this potential problem, which we will share with the Subcommittee once it is developed.

Finally, NCHELP is actively involved in simplifying the program for the student borrower in every way possible. All NCHELP Committees are analyzing public communications within their areas, with a eye to making recommendations to the Board on which forms and procedures we can encourage participants to standardize Similarly, a Task Force has been working with the Department of Education to

assure that all GSL application questions are included in the free Federal student aid application for the 1992-93 academic year. If we are successful, we will simplify the student application process while fulfilling the statutory requirement of a separate, identifiable GSL application with an application (possibly incorporating the promissory note) which only asks additional information required for collection, such as driver's license number and references. We are confident that these steps will make the GSL Program even more "user friendly," without encouraging students to borrow unnecessarily.

As I am sure you realize, the Subcommittee has an immense task ahead of it in reauthorizing the Higher Education Act NCHELP appreciates the opportunity to appear before you today to share our recommendations. We look forward to working closely with you and your staff as the process continues.

I would be happy to answer any questions you might have.

Senator PELL. Finally, we have Mr. Lawrence A. Hough, president and chief executive officer, Student Loan Marketing Association here in Washington.

Mr. HOUGH. Thank you very much, Mr. Chairman.

I am very pleased to have this chance to speak to several important issues concerning the Guaranteed Student Loan program. However, before doing so I would like to briefly comment on two matters within the jurisdiction of your committee.

As part of the Financial Institution Reform, Recovery and Enforcement Act, and the Fiscal 1991 Budget Reconciliation Bill, the CBO, the GAO and the Treasury were required to evaluate the risk posed by all government-sponsored enterprises. A "sense of the Senate" provision included in the Budget Reconciliation urged each committee of jurisdiction to report safety and soundness legislation by this mid-September 1991.

Mr. Chairman, over a 2-year period, as part of five different GSL studies, Sallie Mae has been undergoing the most thorough external review of its financial strength and public purpose since inception. The published reports from these studies describe Sallie Mae's health as excellent, and as such the corporation poses negligible risk to the Federal Government. Just this month the Treasury Department reported that Sallie Mae is rated "AAA" by Standard and Poor's on a stand-alone basis. As such, we are one of only three or four financial institutions in this country so rated.

Regardless of our recognized strength, there are some in government who believe the most appropriate reward for our achievements would be to quickly impose new forms of regulation. Yet there is not a single report of the corporation having taken inappropriate risk during nearly two decades of significant growth. The present arrangements are clearly working well. Private sector incentives to avoid undue risk are working, and the trust and oversight captured in the legislation's clear tie between Congress and in particular your committee and its House counterpart, the Executive Branch, and the corporation continue to operate very effectively.

Nevertheless we stand prepared to work with this committee to address the concerns of those who desire to do something different.

Additionally, Mr. Chairman, in line with your committee's historic oversight of Sallie Mae, we are renewing our request for an amendment to our charter which will merge our two classes of stock into a single class of common stock. This one-share/one-vote legislation was passed by the Senate in the last two Congresses, but the underlying bills were never signed into law.

As your committee members will appreciate, this measure is relevant to safety and soundness in that it improves the corporation's ability to raise capital and further ensures a broad base of voting shareholders.

Thank you for your consideration of these matters. Now I would like to turn to a few comments relative to the GSL.

Any review of Title IV should start by acknowledging the successes of Federal efforts to provide student assistance over the past quarter century. However, the program's past high level of effectiveness in fulfilling access goals is diminishing, and without change, I believe it will fall short of meeting the challenges of this decade and the next. These challenges are indeed enormous.

The continuous escalation of college costs is now a well-established reality. In school year 1997–98, although the number of students at our colleges and universities will then remain virtually unchanged from today's level, their families will need an incredible $50 billion more in resources than they did this past fall. While much of this amount will come from natural growth in family income, a very substantial amount will only be met through various financial aid programs.

To address the challenges of ensuring broad access and maintaining the flows of loan capital, we need to evaluate more carefully the differences in needs and outcomes of students and their families and tailor our existing framework of assistance to reflect varying circumstances. Sallie Mae has begun such a review and has the following observations.

Increasing numbers of nontraditional adult students seeking to be retrained are finding little support from existing Title IV programs. We must do better to support the Nation's critical need to bolster its manpower development efforts.

The present GSL program is also poorly suited to the special challenges of extending credit to students from families at the lowest levels of income. If some very significant educational quality problems surrounding their quest for more education can be remedied, then a loan program supplement to the Pell Grant with the potential for repayment terms which provide for yearly income-contingent cancellation could serve these students more effectively.

Middle-income families also need more help in meeting college costs. The present Stafford, SLS and PLUS programs will fall well short of meeting their needs as resource requirements soar to the levels I cited earlier. For this group, we would offer a program in which families would be encouraged to save for college and would be rewarded by access to partially subsidized guaranteed loans.

We believe that by making savings a prerequisite for receiving low-interest loans, the past practice of accumulating significant amounts of savings for college could be rediscovered.

Mr. Chairman, I have a final thought on program complexity, if I could continue for a minute.

Senator PELL. Yes, please.

Mr. HOUGH. Simplifying the workings of the program for borrowers, especially after the loan is made, should be a principal reauthorization point. One such critical need would have the Department of Education mandate adoption of a limited-use data system, a system created expressly for the purpose of maintaining informa-

tion on loan status and ownership. This would provide students, schools, lenders and servicers a single reliable source of these, the two most critical data elements to problem-free servicing.

Early success in the no-nonsense adoption of just a few far-reaching initiatives could serve as the industry's wake-up call for much needed reform and simplification.

Thank you for this opportunity to appear before you today. I would be happy to answer questions.

Senator PELL. Thank you very much.

[The prepared statement of Mr. Hough follows:]

PREPARED STATEMENT OF MR. HOUGH

I am Lawrence A. Hough, President and Chief Executive Officer of the Student Loan Marketing Association. I am pleased to appear before you today as part of this committee's deliberations on the reauthorization of the Higher Education Act of 1965.

REAUTHORIZATION OVERVIEW

The hearings today are one of a busy schedule of presentations planned to ensure that, in your consideration of reauthorization proposals, you will hear many perspectives from the widely different constituent interests. In undertaking its review of the Title IV programs, and the GSLP in particular, we believe as others have suggested already, that this reauthorization should address the issues of access, quality, and simplification. In doing so, the primary focus for evaluating ideas presented in reauthorization must be the student, the most important, yet often forgotten of the many postsecondary education constituents. Additionally, particular proposals must be evaluated in light of their cost and reliability.

Any review of Title IV should start by acknowledging the successes of the federal efforts to provide student assistance over the past quarter century. In particular, the GSLP has been a highly effective method of providing millions of students with the opportunity to attend the postsecondary school of their choice. The program has successfully leveraged federal dollars by providing nearly three times as much financial aid to students and parents as it has cost the U.S. taxpayer in federal appropriations. However, the GSLP's effectiveness in fulfilling broad access goals is diminishing and, without program change, the GSLP will fall short of meeting the challenges of this decade and the next. The loan program's ability to perform well is directly related to how the GSLP adapts to the changing educational goals of the nation's students, their families' ability to pay, and the quality and cost of attendance of the institutions they attend.

THE CHANGING EDUCATIONAL GOALS OF STUDENTS

While my data is imprecise, it is clear that increasing numbers of students enrolled at postsecondary institutions, and perhaps, more importantly, increasing numbers of would-be students, are seeking to be retrained. They represent the generic types we all have heard from: single parents already balancing family responsibilities and current employment, while seeking to improve their earning capability with additional education; laid-off blue or white-collar workers seeking a new profession; older citizens who, before reentering the workforce, wish to sharpen the skills acquired fifteen or twenty years earlier. For a number of reasons, the present GSLP is not well suited to these would-be students. In fact, the rules of the present program force prospective students into higher cost programs and away from community or evening college programs. The current system is not well-suited to handle the nuances of these students' educational careers, such as periodic interruptions in study, less-than-half-time study, or the need to take courses simultaneously at multiple institutions. There are better ways to meet the needs of these aspiring students. As the nation addresses the broad challenges of strengthening its workforce through retraining, a re-tuning of the GSLP could make it an important contributor.

No matter whether the student's educational goals are a traditional 4-year or graduate degree, or a vocationally or career oriented program, students and families across this nation must confront, head on, the problem of gathering together the required funds to pay the costs of attendance. Today, nearly all families, regardless of economic condition, cannot meet college costs without some form of credit assist-

ance. Fundamental to the success of the access and choice goals of public policy is the moment of truth when the student/family consumers evaluate available credit assistance alternatives and, based on that evaluation, determine in what school or program of study they should make their educational investment. From the federal perspective, we should evaluate more carefully the differences in needs and outcomes of students and their families and tailor the existing framework of assistance to reflect these varying circumstances.

Education Costs

The continuous escalation of college costs is now a well established reality that all of us in or around the higher education industry are confronting. This pattern of cost increase is nearly the same whether one examines the private or public sectors. At the time of the last reauthorization in 1986, the average undergraduate public and private school student budgets were $5,300 and $10,600 respectively. Today they are $7,000 and $15,000. When we next face reauthorization in 1997-98, the average costs may be as high as $12,000 and $21,000.

Looking ahead to the next reauthorization, the school population will be remarkably unchanged. The total enrollment in postsecondary education is 13.5 million today, and is projected to be 13.9 million in 1997-98. Compare this relative stability to the dramatic increase in funds needed to pay the costs for these students. By merely looking at enrollments and cost projections, we see that in 1997-98 the nation's students and their families will need approximately $50 billion more in funds than they did this past fall. Over the course of the five years following this reauthorization, they will need as much as $150 billion in additional financial resources. Obviously, this need will be met in various ways as it is distributed across family incomes. For families in the lowest 20-25 percent of annual income, very little of the needed increment will come from income except as provided by the student. In the middle group, where our present need analysis system provides some eligibility for state, federal, and institutional support, much more of the incremental resources will be expected to come from the already extraordinary contributions made from day-to-day income sources. At the higher end, though the bite will clearly be more difficult to manage, additional needed funds will probably be found through income, investments, or borrowing, with very little support from federal sources. As presently constituted, little of the $150 billion in estimated incremental resources is likely to come from the present federal loan programs.

Assisting Low-Income Families

The student borrower from a family with low income has become the "typical" Stafford loan recipient. At the lowest end of this group, program data indicates higher than average loan default and higher than average program drop-out experience. In addressing the needs of the lowest-income families, we must acknowledge that the present GSL program is poorly suited to the special challenges of extending credit to this segment of the student population. Moreover, the Stafford program has suffered in the eyes of the taxpayer as a consequence of the impact of high default levels from higher risk borrowers. And, it is clear to us that students have suffered as a result of the nearly constant efforts to set the program straight. It is too early to tell what effect recent statutory changes in program rules arid school eligibility requirements will have on the long-term health of the program and on student access. We believe that it may be time to look specifically at serving the most disadvantaged students in a unique manner and to design delivery concepts solely for this set of students. We suggest that if the quality problems of curriculum standards, ability to benefit selection, and academic progress monitoring are addressed first, then a loan program supplement to the Pell Grant, with the potential for repayment terms which provide for yearly, income-related cancellation, could serve these students more effectively than the current approach.

Assisting Middle-Income Families

The middle-income student represents a second focal point in this discussion of choice and access. Sallie Mae is aware of the growing sentiment that middle-income families need more help in meeting college costs. As the following excerpts from House Report 89-621, which accompanied the Education and Labor Committee's version of the Higher Education Act of 1965, illustrate, concern for middle-income families has long been a focal point of the GSLP:

—College costs in this country have now spiraled to a point at which it is not just the very needy who require financial aid. Many students from middle-income

families are also finding it difficult to meet the increasing costs of a college education.

The report quotes the Commissioner of Education who explained that, according to the need analysis formulae in place at that time, college costs could eat up as much as one-quarter of the available income of a family with two children in college. He added:

—To cite these facts is not to contend that these middle income families should be relieved of responsibility for paying the costs of higher education for their children. It is rather to suggest that this heavy concentration of expenses should be spread out over more than the four years of college through the "loan of convenience" described in Part 8 of Title IV.

That middle-income "loan of convenience" has become a "loan of necessity" for a growing number of low-income families and students. Many middle-income families do not qualify for Stafford loans and are restricted to borrowing through the non-subsidized PLUS program on behalf of their children. In today's college market, the aggregate $20,000 available under PLUS does not buy a 4-year college education at most schools. Parents and students have been forced to invade retirement funds or use up the equity in their homes in order to fill in the gap left between federal resources and the costs of college. Alternatively, other families have lowered their expectations and reluctantly concluded that the school of choice is simply not an option.

To restore more beneficial support to these families, two long recognized deficiencies of the system of evaluating need require change. First, proposals of the type offered in your own bill, Mr. Chairman, and by the National Association of Student Financial Aid Administrators (NASFAA) and the College Board, to modify the treatment accorded home equity in the Congressional Methodology should be adopted. If the family has invested in its own home, a portion of the equity in that home is assumed to be available to help meet college costs. Second, under the current need analysis formulae, middle-income, home-owner families are doubly penalized for being thrifty and for planning ahead for their children's education. If the family has forgone vacations or luxury items in order to put a few dollars aside to enable their children to attend college, then their eligibility for federal aid is reduced in proportion to the amount of their thrift. Currently, the need analysis system not only penalizes savers, the national publicity on this "savings tax" has lead many who do save to omit those assets from the financial aid form or place them in the name of a relative or other person who is not subject to need analysis. We envision a program that will reward middle-income parents for looking ahead to the future and reduce the dependency of these families on high cost loans as the means for meeting college costs. Under such a program, families would be encouraged to save for college and would be rewarded when the presence of student/family savings open up access to partially subsidized, guaranteed loans. If saving were a prerequisite for receiving low-interest loans, maybe this traditional middle-class value could be rediscovered and integrity could be restored to the student aid application process.

Program Simplification

An additional focus of reauthorization noted at the outset of my remarks is program simplification. Mr. Chairman, I am certain that no one who will come before you during these reauthorization hearings will object to the idea of program simplification. The level of complexity that has developed in student aid over the past 25 years is apparent, no matter which role you play in the financial aid system. Is complexity simply the nature of the beast, or is there a more appealing vision of the future for students, parents, schools, lenders, guarantors, and even the program regulators? We believe that by focusing actions and initiatives on remedying relatively minor programmatic flaws we can eliminate the sources of misunderstanding and break down some of the barriers that inhibit the access of students to program benefits.

Try as we may to solve these problems on the loan side of the equation, other confusing components of the financial aid system that do not relate to student loans will limit the success of our efforts. Among these items are the current need analysis system, with its profusion of forms and detailed requirements; the growing tendency of students to openly and freely transfer among schools of their choosing; the specific requirements established by states with respect to state-funded financial aid programs; and the need to ensure that program participants are accountable for their expenditure of taxpayer dollars. We would be remiss if we did not also make the point that loan programs are inherently more complex than grant programs, no

matter what the source of funds or the service quality of the program administrators.

The GSLP has proven itself to be an effective means for utilizing private sector skills, resources, and expertise in carrying out federal policy goals. Throughout its history the private sector participants in the program have spent millions of dollars in their efforts to find the best ways to deliver loan funds to students and parents, to process the overwhelming amount of data associated with loan management, to develop the most efficient sources of capital for the program, and to build state of the art systems for servicing student loans. We believe that some of the kinks in the GSLP can be worked out by allowing private sector principles to be the cornerstone of efforts to reinvigorate the program. In this regard, we must consider replacing program compliance standards built on rote precision with those based on measured performance. We must incentivize schools' and lenders' to employ well tested, alternative methods for delivering, servicing, and collecting student loans.

A major objective of program simplification should be the development of standards for application forms, data exchanges, and program rules across guarantors. Early success in the adoption of a few far reaching standards could serve as the industry's wake-up call for other simplification efforts. Such an initiative should not occur in isolation, but in full and open consultation with program participants. And further, standardization initiatives must be forcefully prioritized to achieve simplification for the student borrower.

Beyond the contribution of standardization, simplifying the workings of the program for borrowers, especially after the loan is made, should be a principal reauthorization focal point. One of the more troublesome flashpoints in loan servicing for borrowers, schools, and lenders is the confirmation of borrowers' in-school status. Because of the mobility of borrowers among institutions and the potential for the involvement of multiple lenders and guarantors in a single student's loans, the simple-sounding act of informing lenders that a borrower has left school (or enrolled) can be a frustrating exercise for the lender, the school, and the borrower. Sallie Mae is recommending that the Department of Education be directed to mandate adoption of a limited use data system, created expressly for the purpose of establishing and maintaining definitive student status confirmation information. Though seemingly trivial, a resolution to this area of technical and administrative concern will address countless problems for students which are direct off-shoots of bad status data. Our vision is that such a system will provide one-stop shopping for lenders and servicers seeking reliable status information and for schools seeking to provide such data. Schools are facing an increasing workload as they attempt to provide status information to multiple guarantors and to respond to the individual requests of lenders for updates or re-confirmation in order to resolve data conflicts. Importantly, students also need to know that there is a single source they can contact to update their status information and clear up problems in tracking their status or in locating the holder of their loans.

Guarantor Stability

All providers of private capital for the GSLP have a heightened concern these days for the stability of the guaranty agency system. Any threat to the insurance that is the foundation of GSLP lending is a threat to the continued viability of the program. Even the perceived potential for loss has an adverse impact on participation and investment.

Sallie Mae supports efforts to increase government oversight of guaranty agency financial reporting and to establish more public accounting of the accumulation and use of reserve funds. Providing for timely, standardized, and thorough financial reporting of the guarantor and its auxiliary activities, such as servicing or secondary market support, would bring to bear on their activities the benefits of market discipline. We join with the Consumer Bankers Association and the American Bankers Association in their calls for the establishment of a standing contingency plan for protecting loan guarantees in the event of a guaranty agency's inability to meet its financial obligations. At a minimum, the Secretary should be required to step in immediately and honor the loan guarantees issued by a troubled guarantor until a permanent solution is reached. We also applaud the attention reflected in the President's 1992 budget submission on this subject.

GSE and Governance Issues

As part of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and the fiscal year 1991 Budget Reconciliation bill, the CBO, GAO, and Treasury were required to undertake an analysis of the risk posed by all Govern-

ment Sponsored Enterprises (GSE's) including Sallie Mae. The President's Budget was also required to describe the financial condition and risks posed by each GSE. A sense of the Senate provision included in the Reconciliation measure urged each committee of jurisdiction to report safety and soundness legislation by September 15, 1991.

Mr. Chairman, over a two year period, as part of five separate GSE studies, Sallie Mae is undergoing the most thorough external review of its financial strength and public purpose since its inception. As we speak, four reports have been issued and the fifth is in draft. The reports uniformly commend highly both Sallie Mae and the oversight provided by the Congressional education committees.

A sampling of these recent GSE reports shows that Sallie Mae is perceived to be in excellent health and to pose negligible risk to the federal government. Specifically:

—Treasury reported in 1990 that Sallie Mae is "a well-managed enterprise with adequate controls to manage and monitor its operation." It found that "Sallie Mae is not exposed to a great degree of interest rate risk" and the "Sallie Mae has a strong capital base (and) does not need to increase its capital at this time." More recently, in 1991, Treasury reported that Sallie Mae "is rated AAA by (Standard and Poors) on a stand-alone basis."

—GAO, in its 1990 report on GSE's, stated quite plainly that "Sallie Mae's financial performance has been consistently profitable. Its student loans (result) in no material credit losses to Sallie Mae."

—The President's fiscal year 1992 Budget stated that "Sallie Mae is extremely strong financially ... Sallie Mae poses little financial risk to the government ..."

—The CBO in its recently released GSE report concluded that "In the case of Sallie Mae, the consensus—including this report is that the risk to the government is quite small, probably negligible, at present."

Regardless of our recognized strength, there are some in government who believe the most appropriate recognition would be to quickly impose new forms of regulatory oversight. Yet there is no single report of the corporation having taken inappropriate risk during nearly two decades of significant growth. The present arrangements have clearly worked well: private sector incentives to avoid undue risk are working well and, most importantly, the trust and oversight captured in the legislation's clear tie between Congress, the Executive Branch, and the corporation continues to operate with great success.

We stand prepared to work with the Committee to address the concerns of those who, not withstanding the historic record, would restructure the oversight arrangements now in place.

Mr. Chairman, on a different but related subject, we have this year renewed our request to merge our two classes of stock (one voting, one non-voting) into a single class of common stock (the one share-one-vote amendment to our charter). This legislation was passed by the Senate in the last two Congresses, but the bills which it was part of were never signed into law. The one-share, one-vote measure is relevant to safety and soundness in that it improves the corporation's ability to raise capital and further, it ensures a broad base of voting shareholders.

Thank you for this opportunity to appear before you today. would be happy to answer any questions.

Senator PELL. Just one or two comments. In the first place, in connection with some of the regulations which you think should be made in the Department of Education, it could be a mistake to try to do this by legislation because then they become inflexible, and you can't change them as time goes on. So I think we would be much better not getting into micromanagement on the Congressional side, but rather trying to make sure the regulations reflect the will of Congress rather than changing it by legislation.

Then the second point, which I guess we all agree on, is that the real problem today is to make education available to the middle-income students; they are the ones who need the loans and who are at this time having a hard time getting them.

As you know, there has been some suggestion that this should be a direct loan program. I was just curious what the reaction of this

panel, who follow the loan program very closely indeed, would be, if there would not be a saving to the taxpayer and increased simplicity if it were a direct loan program from government to recipient.

We'll go right down the line. Mr. Biklen.

Mr. BIKLEN. Yes, I am certainly aware that there has been talk about a direct loan program and talk about how they might operate. However, at this point I have yet to see a firm proposal in terms of exactly how it would operate and how the costs would be achieved.

I think another important thing is that if there are cost savings, that they be real and not just smoke and mirrors. But certainly, if there is a good proposal, and it makes sense and delivers something that is very positive for the students and saves money, I don't think you can sit here and say that's no good; but at this point, I have not seen a firm proposal that demonstrates exactly how the cost would be achieved.

The other thing I think we need to remember is if we are going to aim for simplicity to the extent that we now develop a new program, we've got to make sure we haven't confused the situation where we've got just another add-on that exists along with what we have today.

Senator PELL. Thank you.

Mr. Zucchini.

Mr. ZUCCHINI. Mr. Chairman, my only exposure to that proposal is what I have read in the *Wall Street Journal* and *American Banker*. That is a limited amount of information, obviously. I have not seen a full disclosure of what is being proposed. However, based on that limited reading I think I would agree with Mr. Darman in his comments to Senator Lott in a Senate Budget hearing, where he said that he didn't see any evidence that the Federal Government would be able to administer that program more efficiently than the current intermediaries.

Senator PELL. Thank you.

Mr. Donovan.

Mr. DONOVAN. As the others, I have not seen details on it, and I am not able to really comment on the specifics of the proposal. I would just make two observations, that it would add to the Federal debt, and I think that is overlooked; in addition, I would hope that any pricing out does accommodate all of the administrative costs. The administration of a program as complicated as GSL requires a good deal of support.

Senator PELL. Mr. Hough.

Mr. HOUGH. There is not really much to add to the comments that preceded mine. I think the cost issue is clearly one of the significant driving factors, and right behind it is the assurance that such a new effort could provide a seamless transition from the present enormous system to one that would switch in very significant ways and provide duplicative or new paths of delivery. That would be a major concern of mine.

Senator PELL. Thank you.

If there were an increase in the loan limits as several groups have proposed, wouldn't that also result in an increase in the debt and the unpaid indebtedness of many of these students?

Mr. Biklen.

Mr. BIKLEN. Yes. Obviously, if you increase the limits it could increase the debt. I don't know—I have seen some conflicting material, though, in terms of whether or not the debt burden at this point really is too high. Clearly, there are some problems with respect to people getting loans who should not, and I think we need to make sure that those are cleaned up, and I think that has a lot to do with the quality of the education that is being delivered. I also think it has a lot to do with the grant-loan imbalance.

But I am not certain that it says that you can't increase the loan limits and that people can't handle that.

Senator PELL. Mr. Zucchini.

Mr. ZUCCHINI. Mr. Chairman, 2 days ago I had lunch with the president of my alma mater, Patricia Ewers, who is the president of Pace University in New York City. Her two concerns were, one, that the middle class has been squeezed out of having access to higher education, and that the cost of education has far exceeded the CPI index, and that the middle class, without increasing the loan limit, would be further unable to afford higher education as time goes on.

So we certainly think that that would be the proper thing to do.

Senator PELL. Mr. Donovan.

Mr. DONOVAN. I might comment that the issue of debt burden is that debt burden is high for individuals who have dropped out, who are unable to pay their loans because of underemployment. I think we can handle that with the front-loading of the Pell Grant program.

With regard to debt burdens on the part of completers, juniors, seniors, graduate students, our experience is that they are not too high, that they can absorb additional. So I think a raising of the limits, or the adding of an unsubsidized loan program is acceptable, particularly if it is targeted away from the very early entries into higher education.

Senator PELL. Thank you.

Mr. Hough.

Mr. HOUGH. Present debt burdens are high; they are too high; we need more grant support. Lacking more grant support, your committee has an enormous problem because you are directing your thoughts to the heart of the issue, and that is the role of debt burden on limiting choice. There is no question but that we are confronting that problem increasingly.

Senator PELL. Thank you.

I thank all of you for coming down to be with us, particularly Mr. Zucchini from my own state. I have one question. The Fleet Bank has its student loan program in California. Why is that?

Mr. ZUCCHINI. Mr. Chairman, we are involved in student loans in two ways. First, originating loans through our banking franchise, which is located in the Northeast; and second, we are a large, independent servicing organization where we service loans not only for the Fleet/Norstar organization but for other institutions as well. That company is located in Long Beach, CA. It was founded in Long Beach, CA. We purchased it in 1987.

Senator PELL. I see. Thank you very much.

I would add the record will be kept open for any additional statements or questions that any of my colleagues care to make.

[Additional statements and material submitted for the record follows:]

**STATEMENT OF THE AMERICAN BANKERS ASSOCIATION
REGARDING REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965
SUBMITTED TO THE
SENATE SUBCOMMITTEE ON EDUCATION, ARTS & HUMANITIES
MAY 9, 1991**

The American Bankers Association (ABA) is pleased to comment on the reauthorization of the Higher Education Act of 1965. We welcome this opportunity to underscore the value the commercial lending industry brings to the federal Guaranteed Student Loan (GSL) programs governed by Title IV of the Act.

RESTORATION OF PELL GRANTS

ABA believes all parties -- students, parents, educators, financial aid administrators and those private lenders who fund credits for a college education -- concur on the need to reemphasize Pell grant awards for the neediest recipients. Both the number of eligible students and families, and the maximum grant awarded, need to be increased to replace the erosion that has taken place since the early-1980s with respect to this fundamental student financial aid program. This erosion was largely spurred by federal budgetary constraints and continued increases in postsecondary education costs. The challenge we now face is to find public funds to support the goal of restoring Pell grant aid to its intended use -- providing access to a college education for qualified U.S. citizens who cannot conceivably meet the costs of attending a college of their choice through family and individual contributions alone.

GUARANTEED STUDENT LOANS

Attached is ABA's *An Agenda for Program Reform*. Briefly, ABA strongly supports the continued partnership of private funding and public oversight for the GSL programs. While the default problem continues at problematic levels with respect to students attending proprietary schools, ABA believes recent initiatives by the Department of Education have and will continue to favorably address this problem in an equitable manner. Until future default rates begin to reflect the numerous reforms already made, attention to the default issue would be better directed at program simplification and student access to grants and loans.

Finally, ABA believes the various private-sector parties responsible for facilitating the management of the GSL programs -- lenders, servicers, guaranty agencies, and secondary markets -- are united in their skepticism about "savings" attributable to full or partial conversion of the GSL programs into a federally-funded, direct loan program. Proponents of this concept have a long way to go in making the case that private-sector funding of a college education is not more cost-effective than a taxpayer-funded program as well as more responsive than a program managed almost entirely at the federal level.

EDUCATION LENDERS AND REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

AMERICAN BANKERS ASSOCIATION

An Agenda for Program Reform

The 102nd Congress is charged with reauthorizing the legislation governing the Federal Government's role in the Nation's postsecondary education system. Title IV of the Higher Education Act (HEA), which governs federal student assistance programs, will receive particular attention. During the reauthorization process, the lending industry will be called upon to underscore the value it brings to these programs in its role as the party responsible for the funding and delivery of guaranteed student loan (GSL) funds to students.

The Bush Administration may unveil a proposal that would essentially take traditional lenders out of the origination of loans to postsecondary school students. The American Council on Education and other education interests have also drafted a legislative proposal to offer "eligible" schools the ability to originate direct, federally-funded loans to students. School eligibility would be based on a "proven record of financial management" and those schools originating such loans would not likely market GSLs actively.

ABA believes such a proposal would substantially limit student loans funded by private capital, particularly at the largest 2- and 4-year schools. Under the GSL programs, lenders currently play a key role in making private funds available to the nation's students, while also bringing to bear their applied experience in servicing and collecting these loans. Public reliance on the private lending industry to fund the burgeoning costs of postsecondary education results in an effective and cost efficient program. Reliance on public funds to support loans to students is held to a minimum since these funds come into play only as:

- special allowances, to minimize the interest burden on student borrowers while still imposing a market rate on the programs to ensure continued availability and efficient management; and,

- reinsurance of uncollectible GSLs in those cases where a student borrower simply will not or cannot repay a GSL.

In short, ABA's position on full or partial conversion of the GSL programs to a direct loan format is as follows:

> **Lenders are not part of the problem; they are part of the solution. Lenders are only compensated for services performed in facilitating the GSL program -- eliminating lenders does not eliminate the need for those services.**
>
> **The Director of the Office of Management and Budget, Richard Darman, who is charged with ensuring federal fiscal responsibility, has publicly stated that direct student loans do not offer taxpayer savings and only muddy the waters of an already**

complex program.[1]

Default rates have driven this proposal. While these continue at problematic levels, they do not yet reflect reductions that can be reasonably expected from recent and substantial reforms made by Congress and the Administration.

Finally, if direct loans were to carry higher loan limits than GSLs, students would be likely to take on comparatively more debt. Consequently, both the number and volume of defaults might exceed those on comparable GSL portfolios. Loan limits should reflect the student's need analysis and the likelihood of default, not the means of funding for the loan. Any direct loan program should carry the same loan limits as are applicable to the GSL programs.

* * * * *

On the other hand, there is room for much improvement to GSL programs. Net defaults, after collection, remain relatively constant in the 10-11 percent range but nonetheless represent an increasing proportion of overall program costs. Moreover, many lenders have left the programs because of the low profitability from collection costs associated with high gross default rates and the rigid regulatory environment in which the programs operate. To address these problems, legislative solutions, as set forth below, are necessary.

1. **Financial Stability of Guaranty Agencies and Third-Party Servicers.** The demise of the Higher Education Assistance Foundation (HEAF) took many of the participants in the GSL programs by surprise. While HEAF's problems with high portfolio default rates were well known, the extent to which these rates hampered HEAF's financial position was not as clear. While the Department of Education (the "Department") dealt with the HEAF problem in a way favorable to the long-term stability of the GSL guarantee system, this intervention was an ad hoc approach that cannot necessarily be relied upon if other guaranty agencies encounter similar financial problems.

   The first goal is to minimize the need for future Department intervention to shore up a guaranty agency's financial soundness by improved monitoring and oversight. A periodic data collection and dissemination program is necessary whereby cash flows and projected default claims at all guaranty agencies would be available to GSL

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[1] Darman is quoted as saying in response to Senate Budget Committee Member Trent Lott (R-Miss):

> What [those in the House of Representatives supporting a direct loan program] have been talking about, I believe, has been federalizing the loan program and taking out the intermediaries, the private intermediaries, out of the action altogether and making it a direct federal loan program. My personal view is that that will not accomplish the purposes they have in mind in terms of increasing efficiency or savings. There's no evidence, none, that the federal government can administer that kind of enormous grant program more efficiently or effectively than the current intermediaries.

Source: LEGI-SLATE Report, February 15, 1991.

program lenders for their ongoing evaluation of their guarantors' financial stability. Furthermore, federal preemption of state limitations on a lender's choice of guaranty agencies may be desirable to promote market adjustments reflecting perceived guaranty agency stability.

Second, a formal contingency plan needs to be adopted by the Department to address financial problems at guarantee agencies at the point they become known and, if they persist, at the point the agency nears insolvency. The risk sharing scheme proposed by the Bush Administration in its 1992 Budget addresses the issue of full reinsurance of lenders but does not propose a resolution mechanism beyond simply allowing the Department to assume control of an insolvent agency.

Efficient and sound program management also needs to address third-party servicers, and the need for periodic, certified audits of their operations should be evaluated.

2. **Reform of Interest and Special Allowance Payments to Lenders.** The low profitability associated with GSLs has driven many institutions from the market -- particularly those institutions with small GSL volumes and thus no cost savings from economies of scale. The special allowance paid to lenders, which is based on the 91-day Treasury Bill rate is not fully reflective of the way in which lenders fund GSLs. To eliminate this funding mismatch, without substantially affecting the actual level of allowance paid over time, the 90-day Dealer Commercial Paper Index or comparable private debt rate could replace the 91-day Treasury Bill rate (with an appropriate change to the special allowance rate of 3.25 percent to essentially equate the rate payable to lenders following the change in the base rate). ABA is continuing to investigate this option to determine its practicality.

3. **Improved Lender Due Diligence Procedures.** Low program lender profitability, in spite of the special allowance paid on GSLs by the Department, is also largely due to the costly procedures lenders must undertake to comply with the Department's rigid and onerous servicing and collection requirements.

To ensure suitable levels of lender presence in the GSL programs, the Department's due diligence and other requirements need to be modernized so that they reflect prevailing lending practices in other forms of retail lending without compromising the level of protection the federal government requires to enforce its reinsurance of GSLs. Only lenders running high default rates or consistently failing to perform adequate due diligence (as measured against the Department's recently proposed changes to the regulations [55 Federal Register 24]), should be subjected to rigorous due diligence regulations and enforcement. A "substantial compliance" approach needs to be adopted for those lenders experiencing manageable default rates and/or demonstrating suitable due diligence performance.

To further ensure continued access by all postsecondary student borrowers, the adoption of differing special allowance factors (the current 3.25 percent addition to the base rate) should be evaluated. Differing special allowances according to type of

postsecondary school attended would more closely reflect the likelihood of default and resultant cost of collection measures associated with each type.

4. **Streamlined GSL Program Regulations.** The regulations, statutes, and policy initiatives governing the GSL programs have become needlessly duplicative and require consolidation. Since its adoption in 1965, the HEA has undergone numerous reauthorizations and other statutory changes. Moreover, the Department only adopts the implementing regulations several years after becoming law. Rarely have superfluous or conflicting provisions been deleted by law or regulation on a timely basis when new provisions were added. Consequently, interpreting the GSL program has almost become an industry of its own -- an extra, costly, and unnecessary new burden.

   An example of the complexity of the existing statute is the provision of 11 different deferment categories when 3 would suffice (e.g.; military or other eligible government service; returning to school; and a catch-all class, hardship). This and other redundant provisions of the programs need to be reconciled without compromising their intent.

   Increased movement towards standardized loan application and other forms, as well as electronic storage and communication of program data, would also reduce administrative costs and increase program efficiency.

5. **Further Default Reduction Measures.** The Department and Congress are fully aware of the problems posed by high and growing program default rates, and have taken steps in the past several years designed to address these problems directly. These steps are only just beginning to take effect and should result in the growth trend in gross default rates easing by fiscal year 1993. However, more needs to be done to improve the Department's ability to collect on defaults.

   The Administration's 1992 Budget proposes to expand the IRS' program to offset uncollected GSL debt against tax refunds, extend wage-garnishment of private-sector employees, repeal the statute of limitations for the collection of GSL defaults, and other promising initiatives. Such provisions should be considered to the extent they address the problem of student borrowers in default who nonetheless have the capacity to provide repayment. However, they must also be sensitive to those student borrowers entering default due to circumstances outside their immediate control. For example, many students must rely heavily on borrowed funds due to the unavailability of grants or other assistance. Still others are victims of poor education programs that do not lead to a level of employment suitable to repay their outstanding student loans.

   ABA would suggest the Department also give serious consideration to other methods to improve its net receipts on defaulted loans to further offset program costs. For example, it may be possible to alter the formula by which private attorneys or collection agencies are compensated for successfully establishing repayment. Currently, about 30 percent of the proceeds from each collected default are remitted to these parties. Of the remaining 70 percent of collected funds, the guaranty agency

retains roughly 30 percent -- leaving the Department with a net recovery of only 40 percent. The Department should review the prevailing collection compensation practices, and alternatives that would not adversely affect collection volume should be fully evaluated. It may be possible to compensate both the attorney/collection agency and/or the guaranteed agency at a flat fee or reduced rate.

Finally, despite many promising proposals in the Administration's reauthorization package, ABA questions the effectiveness of the proposal to require a credit check on all student applicants age 21 or older. This requirement is not likely to yield any significant reduction in defaults since few students, even at age 21, would have credit histories to check. If such a requirement is adopted, however, age 23 would be a better age at which to trigger a credit check. Furthermore, guidance as to what represents a poor credit history requiring a cosigner of the loan would be necessary from the Department. With respect to the Administration's proposed reduction of the special allowance rate paid to lenders experiencing cohort default rates greater than 20 percent, more specificity as to how each lender's cohort default rate would be measured is needed before ABA can fully evaluate the effectiveness of this proposal.

6. **Student Eligibility and School Reforms.** True reform of the GSL programs will recognize the fact that students from lower income groups simply are not always in a position to commence repayment of GSL obligations soon after their education is completed. In the past, these students were eligible for Pell Grants, but access to this program has been severely limited in recent years.

Concurrent with any expanded access to Pell Grants would be a change in the eligibility requirements for GSLs. Eligibility in the first half of a student's education program should be determined by income "floors" and "ceilings." Potential borrowers with income levels below the "floor" would be considered eligible for grants; those with incomes between the "floor" and "ceiling" would be eligible for GSLs. Eligible borrowers' loan limits would be determined by their need analysis. In the first half, a heavier reliance on grant aid over loan aid for eligible students would limit pressure on the GSL programs from defaults attributable to students not completing their chosen course of study.

Finally, abuses of the Title IV aid programs by postsecondary schools need to be addressed. Certification criteria for schools' participation in the programs need to be reviewed and, where necessary, revised. All sectors of schools should be held accountable to a uniform set of criteria at the federal level. Those schools in violation of the uniform criteria should face broadened and speedier limitation, suspension, and termination procedures.

Richard Pfaff
1638 Andalusia Way
San Jose, CA 95125

May 3, 1991

Honorable William D. Ford
Chairman: House Education & Labor Committee
239 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Ford:

I am writing to voice my concern with some of the reauthorization proposals currently being considered, especially with regards to the Stafford Loan. In particular, these issues relate to NASFAA's recommendations to increase the annual limits as well as the interest rate and length of repayment term.[1]

While increasing the loan parameters may be desirable to certain private high cost colleges and while it may appear to make additional funds available, I feel, in fact, that we may be doing a grave disservice to the very clientele that we profess to serve, namely the students.

For instance, compare an example where two students borrow the annual maximum over a period of 6 years in college.

A.

CURRENT	$ BORROWED	NASFAA PROPOSAL
$2625	Freshman	$4000
2625	Sophomore	4000
4000	Junior	6000
4000	Senior	6000
7500	1st yr. M.A.	10,000
7500	2nd yr. M.A.	10,000
$28,250	TOTAL	$40,000

B. $ MONTHLY PAYMENT

$342 4 yrs/48 payments @ 8% $382
$362 6 yrs/72 payments @ 10% $520 11 yrs/132 payments @ 15%

C. $42,000 TOTAL $ REPAID $87,000

Under the NASFAA proposal, the student can borrow $11,750 more ($40,000 - 28,250) over a 6 year period than allowed under current regulation. For this difference, however, the student potentially repays an additional $45,000 ($87,000 - 42,000) in principal and interest

[1] It is my understanding that NASFAA advocates a repayment term up to 15 years; 8% for the first four years followed by a variable interest rate capped at 15%; and annual loan limits of $4000 for freshmen/sophomores, $6000 for juniors/seniors, and $10,000 for graduate students. Aggregate maximum would be $76,000. SLS would also increase to the same maximum while PLUS would go to $108,000.

as well as a sizeable increase in monthly payments beginning in year 5.

One can also question the necessity of changing the parameters at this time. Five years ago the maximum annual undergraduate loan was $2500 and the graduate maximum was $5,000. College/living costs have not doubled in the past five years! Nor have enrollments declined.

Increasing the loan amounts will also only exacerbate the existing gap between grant and loan. By increasing loan limits, we reduce the pressure to increase grants because it always appears as if there are sufficient total funds to meet students' needs.

The NASFAA proposal also potentially leads to a higher volume of defaulted dollars, a larger debt burden on high risk students, and greater confusion as to actual monthly repayments.

Although the NASFAA proposal also recommends that colleges be allowed to set lower loan limits for its students, in reality, this would be extremely difficult to implement. Unfortunately, need often paradoxically matches available dollars.

Rather than seeing a solution in increased loan amounts, interest rates, and repayment terms, I would suggest that the majority of students would rather see a reduction in loan reliance and greater pressure to increase Pell, scholarships and college work study. (For instance, working one hour a day at minimum wage for four years is the equivalent of a $4,000 Stafford loan!)

Increasing loan parameters, especially in a program already under considerable fire and possible replacement by a direct federal lending program, does not seem the prudent course of action at this time. The same would be true of NASFAA's proposals for changes in the PLUS/SLS programs.

A direct federal lending program may or may not be the answer at this time. Obviously the optimum solution will be a combination of such a program with the current Perkins Loan; i.e., the federal government borrowing from private lenders to allow schools to administrate an expanded Perkins program. The funds could be made available to schools/students similar to the Pell program. The interest rate could be slightly increased if necessary. The schools will be responsible for collection, etc. Such a program, I would think, would be the first choice of most financial aid officers.

For these and other reasons, with regards to the proposed changes in the Stafford/SLS/PLUS programs, I urge you to consider the recommendation of your own Advisory Committee Report on Student Financial Assistance: "[redacted]odies targeted on. . loan default and causes; [redacted]."[1]

Let us proceed very, very carefully in increasing the loan burden on our students.

Thank you for your consideration.

Sincerely,

Richard Pfaff

Richard Pfaff

cc/ Clayton Bell

[1]March 1991 "Priorities for the 1990's: Recommendations for Reauthorizing the Higher Education Act of 1965", p. 20, Exhibit 8.

EDUCATION MANAGEMENT CORPORATION

ROBERT B. KNUTSON
Chairman and Chief Executive Officer

May 13, 1991

Honorable Claiborne Pell, Chairman
Subcommittee on Education, Arts and Humanities
SD-648 Dirksen Senate Office Building
Washington, D.C. 20515

Dear Senator Pell:

I appreciated having the opportunity to testify before your Subcommittee on May 9, and wanted to follow up on a couple of the issues that were raised during the hearing.

As you know, I have strongly advocated a Pell Grant entitlement as part of a comprehensive program of restoring a better balance between loans and grants, reducing student loan defaults, and enhancing higher education opportunities for low and middle income students. Dallas Martin could not have been more correct when he indicated that "certainty" also means sending very early signals to lower income kids that college or some other form of postsecondary education is a realistic option for them if they do well in high school.

Eugene Lang and Patrick K. Taylor have proved this in some of the nation's worst urban schools by offering scholarships to poor students if they will study and get good grades. Not only do the students alter their behavior socially and academically, but their parents do as well. The personal interest and the "guaranteed" nature of the commitment create positive behavior differences. A Pell Grant entitlement could do the same.

I am sympathetic to concerns about the cost of an entitlement, but believe it is essential, if we are to make a difference in the potential of our people - our work force - we must make an investment now. It should be emphasized that an entitlement status could be phased in one class or academic year at a time; i.e., freshmen first, then sophomores, and so on. You will recall that this was the approach initially taken with the predecessor to the Pell program, the Basic Grant program in 1972.

I also look forward to discussing with you and your staff the program integrity portions of our Higher Education Act reauthorization proposals.

Sincerely,

300 SIXTH AVENUE • PITTSBURGH • PENNSYLVANIA 15222 • 412 562 0900

PREPARED STATEMENT OF MR. LYONS

The committee on Labor and Human Resources has been a leader in creating and maintaining national legal services programs even in the face of intense political pressures. Today the program faces serious challenges of a different kind: the repayment of law school loans has become a major impediment to the consideration of a career in legal services by many dedicated law graduates because of low program salaries which are woefully inadequate to pay off overwhelming debt from law school loans. This has created enormous problems for programs in both the recruitment and retention of qualified attorneys, especially among attorneys who are minorities.

The average debt of a graduating law student is approximately $30,000. Such a debt creates a burden for those wishing to pursue a career in public interest law. In the past decade, the number of law school graduates who accept public interest jobs has declined from six percent to three percent. The establishment of a loan repayment assistance program for direct and guaranteed student loans would improve substantially the opportunities for law graduates who wish to pursue a public interest career.

A Federal program of loan repayment assistance will allow and perhaps entice graduates to remain in public interest law jobs by deferring and cancelling payments of federal loans. Such a program can eliminate or effectively ease the heavy debt burden that currently prevents many excellent graduates from entering a career in public interest law. It is not unusual for law school graduates, especially minorities and women, to face a total debt burden of $50,000 or more from law school and undergraduate loans.

1

By contrast, the yearly salary of a legal services staff attorney, according to the most recent statistics from the Legal Services Corporation, averages $21,108. The average salary of a staff attorney, after five years with the program is $26,106. Salaries for attorneys with comparable experience in the private sector are double and triple these figures.

The sad fact is that law school graduates simply cannot take a public interest position at an annual salary which is less than half of an outstanding loan obligation, not to mention the accumulating interest. Indeed, we hear of reports that legal services attorneys have second jobs in order to help repay their loans.

The National Legal Aid and Defender Association (NLADA) and the National Association for Public Interest Law (NAPIL), over a year and a half ago, conducted a "Loan Forgiveness" survey. Of the 1200 public interest employers surveyed nationwide, one quarter responded. Those responses reflected some unsettling results:

- 64 percent of the programs responding, have experienced problems recruiting entry level attorneys;
- 84 percent of those experiencing difficulties in recruitment believe that educational debts play an important role in limiting the number of applicants to the program;
- 78 percent of the programs have experienced difficulties in attracting minority candidates;
- 81 percent of the respondents experiencing this problem consider educational debts to be an important factor in the lack of minority applicants;
- 47 percent of the programs have experienced similar problems with retention of existing staff attorneys;
- 58 percent of the programs with this problem consider educational loans to be a key factor in the decision of their staff attorneys to leave public interest law practice.

A similar response emerged from the students of the University of California School of Law. When asked what type of career they expected to pursue, 48 percent of the responding students indicated they would like to pursue a career in public interest law. However, only 3 percent of the previous year's graduating class actually entered public interest law careers. This may be explained by the fact that 56 percent of the respondents expecting to finish law school are over $20,000 in debt.

U.C. Davis is a public school, and its students' debts fall significantly below the national average. Women and minorities are hit especially hard, according to the U.C. Davis survey. Every respondent who anticipated being more than $40,000 in debt was a minority or a woman. Moreover, 85 percent of the minority law students stated that their need to repay loans was a determining factor in their career decision.

In all, 73 percent of the students indicated they would be more likely to pursue a public interest career if a program existed to help them pay off educational loans.

For many years doctors and dentists have been eligible for federal loan repayment assistance when they work in "hard-to-serve" rural areas. They are broadly eligible for deferment of federal loans during periods of their internships and residencies. Fairness dictates that law school graduates who serve under similar conditions, and receive extremely low salaries, be eligible for similar assistance. Even in this era of frozen budgets, we believe that modest programs can be implemented which will do a great deal of good in increasing the number of law school graduates who seek employment in public interest law.

I urge this subcommittee to consider a program which would defer and cancel law school and undergraduate loans, including both Perkins and Stafford loans, for persons who pursue a career in low-paying public interest law positions. I urge the consideration of an assistance schedule which, typically, allows the deferment of loans for the first and second year, and then begins cancellation on a year-by-year basis. Sliding scales based on income, along with an income cap for eligible people, will limit participation to only the neediest graduates.

On behalf of legal service workers and their clients across the country, I would like to thank you for your interest and assistance. I am pleased to share with you a "Loan Repayment Assistance Program Manual" recently completed by NLADA.

[The publication referred to above is retained in the files of the Committee.]

Senator PELL. This brings this hearing to a close, and the subcommittee is adjourned.

[Whereupon, at 12:30 p.m., the subcommittee was adjourned.]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

MONDAY, MAY 13, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES, OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Springfield, IL.

The subcommittee met, pursuant to notice, at 10 a.m., in the Becker Library, at the Springfield College of Illinois, 1500 North Fifth Street, Springfield, IL, Senator Paul Simon, presiding.

Present: Senator Simon.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. The subcommittee hearing will come to order. I am pleased to be here in Illinois and Springfield, IL, to have hearings on the Reauthorization of the Higher Education Act.

About a decade ago President Reagan proposed very drastic cuts in financial aid to students. We defeated those moves to have those drastic cuts. The programs survived, but they were wounded, and over the past decade those wounds have had some effect.

If you simply take out the inflationary factor, the cost of attending an independent 4-year college or university has risen an average of 52 percent. The cost of attending a State 4-year college or university, like the University of Illinois, has risen an average 44 percent. Two-year colleges have risen an average of 18 percent. Student aid has gone down 3 percent.

And when you start examining who is going to college and who's not going to college, there is just no question, the Nation is suffering a major long-run problem. College access and choice have both been adversely affected. And my hope is that we are going to do something significant.

The last two times we reauthorized the Higher Education Act, frankly we just kind of tinkered with it. My hope is that this time we will really dream and do something substantial to meet the Nation's needs.

And one of the hopeful things that has happened, as far as I'm concerned, was when Lamar Alexander persuaded David Kearns to come aboard as the Deputy Secretary of Education.

I had a chance to visit with him. I had frankly never met him before. He was nominated, though Lamar Alexander called me and told me that it was going to be happening. But he, I think, is genuinely concerned. He is a doer. I am hopeful that we will move on this, that he will provide some leadership.

I'm also concerned about the shift that has taken place. Ten years ago primarily we were relying on grants. Today we are primarily reliant on loans. Ten years ago the Pell Grant—in 1978 the Pell Grant assisted a family of $25,000 or less. Today if you take the inflation factor into account, that would be $50,000.

Well, we are just a long, long way from meeting that kind of need. And I think we have to look at the question of how we get the funds for it, what our priorities are.

[The prepared statement of Senator Simon follows:]

PREPARED STATEMENT OF SENATOR SIMON

When President Reagan proposed drastic cuts in student financial aid almost a decade ago, a powerful coalition of students, parents, college presidents, teachers and financial aid officers came together to battle those recommendations. That uproar gave Congress the support we needed to fight for student aid. The programs survived, but they were wounded. Over the past decade, those wounds have had their effect. When you consider college costs, stagnant income, and declining aid, middle- and lower-income families now suffer virtually the same fate as the previous administration threatened in 1982: College access and choice have been severely curtailed.

The reauthorization of the Higher Education Act, which we are discussing today, is our opportunity to heal those wounds. The last two times that the Higher Education Act expired we only tinkered with the student aid programs. My hope is that this time around we can really dream, that we can write a Higher Education Act that not only ensures equal educational opportunity, but that will also inspire youth and adults to get the skills and knowledge that will make them more valuable workers and more valuable citizens.

So far, the proposals I have seen from the Bush administration on higher education are not adequate. Last Wednesday I met with David Kearns, the Chairman of Xerox who has been nominated as the Deputy Secretary of Education. I found his views on postsecondary education to be refreshing. He has sent several children through college, and is a trustee at the University of Rochester. He seemed genuinely concerned, as I am, that rising tuition and other college costs, combined with the concentration of aid on the neediest students, is putting a real squeeze on middle-income families. Unfortunately, the administration's proposals continue this trend. When Congress passed the Middle Income Student Assistance Act in 1978, our intent was for a student with family income of $25,000 to quality for at least a minimum Pell Grant, with the subsidized loan program providing the balance of aid. In 1990 dollars, a middle class family with income of $50,000 should receive the same aid. But that family today might not even quality for a Stafford loan, much less a grant.

If we are going to heal the wounds of the past decade, we need creative proposals, and a political effort similar to the coalition of the early 1980's.

One of the things that those of us interested in education need to talk about is resources. We have two choices, shift money or rise money. Last year's budget deal, which I opposed, has frozen defense

expenditures at the cold-war level. At least half of our nearly $300 billion defense budget (which, incidentally, does not include Desert Storm) is designed to guard against a Soviet invasion of Western Europe. That threat has all but disappeared. A much greater threat to our national security is the condition of education. On April 25, when the Senate was considering the Budget Resolution, I cosponsored an amendment by Sen. Bill Bradley (D-NJ) to shift some of those defense dollars into education. We only got 22 votes. We clearly need to change our priorities.

The other option is to find some revenue, something that the public may accept if they know the money is going for education. At our Chicago hearing on March 27, I mentioned one idea, an oil import fee, to fund increases in the Pell Grant program. That is one idea. If we are going to really address the problems in higher education, we need to think big. As I said before, we need to dream.

We also need to be looking for ways to make the money that we do spend go further. For example, we need to take some action to address the problem of fraud and abuse by some schools involved in the student aid program. We must restore the integrity of the student aid programs, not just because bad schools increase the loan default rate, but because bad schools hurt students. We must look at how the Department of Education, the States, and the accrediting agencies can take swifter action against fraud and abuse, and do a better job of ensuring the quality of colleges and training programs. At the same time, we have to be sure that the actions we take do not deny educational opportunity to students. Some of our "reforms" have had that effect.

Our witnesses today will outline both the need for the programs in the Higher Education Act, and the specific changes that they recommend. The first panel provides a general overview. The second panel looks specifically at the student aid programs, and includes every component of the student loan program (students, a financial aid officer, a banker, and a guarantee agency that also operates a secondary market). The third panel explores the workforce needs that this country is facing, and how the federal government can help to meet those needs.

I look forward to today's testimony.

And we have a good series of witnesses today to give us the message and I would like to call first on someone who has provided—let me just add my appreciation to Springfield College for hosting us here today. The president of Springfield College was here earlier. I don't know if he is here right now, but we appreciate their hospitality. And let me also extend my thanks to my staff, Bob Shireman, who has been particularly working in higher education, Brian Kennedy, who heads my subcommittee staff, and Mercedes Laing who is right back here also working in the field of education. And Joe Dunn, who heads my Springfield staff, is hiding behind the books back there.

I'm pleased to have Stanley Ikenberry who has provided great leadership for the University of Illinois and for the university community in the Nation, and so we are very pleased to have you as the leadoff witness here, Dr. Ikenberry.

STATEMENTS OF STANLEY O. IKENBERRY, PRESIDENT, UNIVERSITY OF ILLINOIS; CARY ISRAEL, EXECUTIVE DIRECTOR, ILLINOIS COMMUNITY COLLEGE BOARD; AND DAVID STARRETT, EXECUTIVE DIRECTOR, ILLINOIS STUDENT ASSOCIATION

Mr. IKENBERRY. Thank you, Senator.

It is a pleasure to be here. I would both thank you for bringing your hearing to the heartland, if you will, and also join you in thanking President Deland for making available Springfield College for us to meet. It is nice to be in a library actually built to human scale. This is a very pleasant setting for the—and an appropriate setting for these hearings—in which these hearings can take place.

I want to also express my appreciation for the opportunity to testify before this subcommittee. There are a few acts, in fact, of Congress that will have a more profound impact on the future of our country than the Reauthorization of the Higher Education Act. I share your sentiments completely that we should take a totally different approach to the reauthorization of this act than the last time around when indeed we did tinker around the edges. This time the Higher Education Act and the future of our country both deserve a very thorough reexamination of the reauthorization and obviously you intend to provide that, and the higher education community applauds that.

There probably should be a law prohibiting university presidents from testifying before committees when they have got a bad cold and on the day after commencement. But as far as I know there isn't such a law prohibiting that. But if you'll bear with me, I'll do my best. It may be one of the saving graces, it may be possible that I might just possibly stay within the time limits that's available to me. But if I may I would like to file my written testify before the committee and make just a few summary comments.

Senator SIMON. Let me just add for all the witnesses, your full written testimony will be entered in the record and where you can summarize that is helpful.

Mr. IKENBERRY. I'll attempt to do that. Just commenting on two rather especially important aspects of the bill in my view. One obviously relates to the provisions regarding student financial aid.

Whenever one thinks of the Higher Education Act, one cannot avoid understanding the tremendous significance to our country of the student debt financial aid provisions, because if one is committed to the concept of equality of educational opportunity, if one is concerned about questions of access, if one is concerned about questions of choice and if one believes that the diversity of higher education in this country is worth preserving, then one must be fundamentally concerned with the student aid provisions of the Higher Education Act.

I would like to make four specific comments in regard to those provisions if I might. One is that in terms of the student grant provisions, these need to be expanded and made more reliable.

First, to raise the maximum award provisions along the lines that you indicated in your introductory comments, I might provide some background from the University of Illinois specifically. When I arrived as president of the University of Illinois in 1979–80, the

maximum grant award was $1,800 at that point and covered 47 percent of the total college costs at the University of Illinois at that time. Today the amount of the grant award albeit has risen to 2,400, but it now covers only 25 percent of the calculated instructional costs at Urbana/Champaign. So I would urge that we move toward a rather dramatic increase in the maximum award.

My associates at the American Council on Education, I believe, are focusing on a figure of 4,000. Whether that is too conservative or whether it is too ambitious, I think it is certainly a realistic number. I would subscribe to that number in the absence of a better number and would urge also that the Department of Education be required to borrow any shortfall in a particular year for the next year's appropriation so that we don't have arbitrary cutoffs, midyear cutoffs, that simply for reason of miscalculation or poor planning but would disadvantage large numbers of students in terms of the grant support.

Second, I would strongly urge, as you have urged, to reduce the reliance on loans. There is a dramatic increase in our dependency on loans and this needs to be turned around in the reauthorization process, and also we need—at the same time as we are reducing reliance on loans, we need to expand the availability or access to loans.

Third, I think the higher education community in particular and I think the act itself can be helpful to us. We need to provide greater assurances of accountability and efficiency in the student aid, particularly in the loan sector that would reduce default rates, for example, that would close loopholes where they exist, for example, in regard to independent students, so we are sure that the focus of those provisions is targeted where it needs to be, and to streamline where we think we can likely mechanisms or other provisions that will help strengthen the accountability or efficiency provisions and make each student aid dollar go to its maximum length.

I would like to reference in conclusion on this particular portion of my comments the testimony that you received on March 21 from Hoke Smith, who is the president of Towson State University, who testified before your committee representing the American Council on Education, and I would strongly endorse the comments that he made before you at that time. And I'm sure that you and other members of the committee will provide for them to receive thoughtful consideration.

I would like to conclude my comments, however, on a somewhat different perspective and that relates to the international dimension of the Higher Education Act. I would like to share with you just three or four personal experiences along that regard.

Yesterday at commencement I had the opportunity to award a baccalaureate degree to a young lady by the name of Yoko Mori. Yoko Mori is a Japanese national. She completed the first year of her baccalaureate studies at a university in Japan. She transferred subsequently a year later and began studies at Parkland College and then 2 years ago transferred to the University of Illinois and completed her junior and senior years at the University of Illinois.

She'll go on out now into the field of international business. She sought employment in this country but is going to end up, I gather, going back to Japan to work there next year. I'm reasonably confi-

dent that she may find her way back to the United States, however, because she found a young man during the course of her visits in this country to which she has a strong attachment, so I suspect that her ties with the United States are far from concluded.

But without dwelling on that particular example, let me dwell or mention another one and that is that each year as you know, Senator, the University of Illinois sends very significant numbers of University of Illinois engineers to study abroad, and so we have some of the Nation's finest electrical engineers, civil engineers and aeronautical engineers and others who are at the same time learning here about foreign languages and cultures in some depth, but also then as part of their curriculum going to other countries, Japan, China, to spend some time abroad learning both language and culture, so that we have in the final conclusion of that effort a superbly trained professional engineer, one of the best in the world. At the same time we have an internationally aware student who has some proficiency in depth in a particular language or culture.

Perspective three on this whole issue is for several years now it has been my privilege to have the opportunity to travel to other countries around the world, and when I'm there I take the opportunity, when it presents itself, to meet with University of Illinois graduates. And I must tell you that some of the most moving personal experiences that I've had over the years have been in other countries, such as China or Japan, where I have had an opportunity in an academic setting such as this to have a reunion with the University of Illinois graduates in that country who are teaching in universities and carrying out professional responsibilities in that country and who may have graduated from the University of Illinois thirty or forty or fifty, sometimes 60 years ago. And the implications of that for world peace and understanding and the welfare of humanity around our globe, I think, are very, very difficult to calculate, but I'm convinced they are profound. And it is another dimension of the whole international aspect that I wanted to share with the committee.

And then finally yesterday, in the course of our commencement exercises, we had the opportunity to introduce and have as our featured speaker and our principal guest on the Urbana/Champaign campus, a former president of Costa Rica, Oscar Juarez, who delivered a profoundly moving commencement address to our graduates speaking of all things one would suppose that Oscar Juarez would speak of, including the importance of international understanding and importance of world peace, but also dwelled on the role of the United States in understanding the tremendous cultural diversity that characterizes our world and the need for the United States to play a more sophisticated role as an international citizen and not to superimpose those values and those cultural dimensions, however much we may value them, as members of the United States, citizens of the United States, the need for us to be sensitive and gentle as international citizens, so that we can allow the tremendous international and cultural diversity of our world to flourish as a prerequisite, as he believes, to international peace and understanding.

I share those four vignettes, if you will, as a whole comment—as a comment on the importance of the international dimension of the

Higher Education Act, the fact that we do live as members of the global community. And this has ramifications economically for our standard of living in this country, but it has tremendous ramifications politically and cultural ramifications and certainly causes us to understand the independence of our world, each citizen interdependent with others around the globe.

Now, it is a fact that our universities are doing a tremendous amount of international education and by stating the importance of this dimension, I don't wish in any way to diminish our current commitment. The Midwest University Consortium for International Activities now has major contract work under way in the amount of about $80 million. These are midwestern universities, Big Ten universities, with the exception of one or two of our universities, involved in sixteen different countries in international assistance projects of one sort or another, and we have literally thousands of our students that are going abroad every year. We have students and faculty from other countries who are coming to the United States and we increasingly have institution-to-institution arrangements, particularly now with the very exciting explosion that's taking place in eastern Europe. And yet and on having said all of this we are still only scratching the surface in terms of what we should be doing in terms of the international dimension.

Less than one percent of U.S. students study abroad. A majority of these are white or male or upper-income level students, and the majority do so as a kind of natural extension of their curriculum in art history or whatever the dimension might be, as opposed to—I think the model that we need to be looking at which is the model of our engineers, for example, or our businessmen and women or our lawyers or our geologists or whatever, understanding both their profession while at the same time they become more sophisticated in the dimension of international affairs.

So I am sure that much is going on in this area. I am aware of, for example, legislation I'm told sponsored by Representative Ford and Representative Dodd that would provide greater access to study abroad programs. I am aware of the fact that you are cosponsoring a bill that would provide for the use of student aid funds for study abroad. And of course Title 6 of the Higher Education Act would address very specifically many of these concerns.

But I think it's important that we highlight the importance of the international dimension and that it not be overshadowed by some of the other provisions of the bill, as terrifically important as indeed they are as well.

I want to again thank you, Senator, for coming back home, if you will, and for the opportunity to testify for you and for the leadership that you are giving, not just to the Reauthorization of the Higher Education Act but the leadership that you have given over so many years to quality education in this country. It has been a personal crusade of yours, and for those of us who also care about these things, we are in your debt.

Thank you very much.

[The prepared statement of Mr. Ikenberry follows:]

PREPARED STATEMENT OF MR. IKENBERRY

Senator Simon, it is a distinct pleasure to appear before you and the Subcommittee on Education, Arts, and Humanities to comment on the Reauthorization of the Higher Education Act. I agree with you that I know of no other task that Congress will undertake that will have greater impact on the future of our country than what it will do in the field of higher education. Let me also compliment you and extend my gratitude for your efforts in convening this field hearing at Springfield College as well as the recently held hearing at the University of Illinois at Chicago.

At our Chicago campus you heard from a variety of witnesses including our Chancellor Jim Stukel. I would like to reinforce what I perceived to be a strong theme of that hearing. I sincerely hope that the U.S. Congress takes this opportunity to write a Higher Education Act which genuinely addresses the issues of educational opportunity while ensuring a quality education. As you have so often stated, let us all embrace this task of reauthorization and work toward meaningful legislation rather than merely engaging in legislative tinkering. With that thought in mind, let me address the following issues.

Concerning federal student aid programs, it is clear that we must begin to restore a reasonable proportion of grant assistance in the financial aid packages for our low income students. A substantial increase in the Pell Grant Program is needed to curtail the eroding grant coverage of educational expenses during the past 10 to 15 years. For example, a maximum Pell Grant of $1,800 covered 47 percent of the $3,824 cost to attend the University of Illinois in 1979-80. In 1991-92, a maximum Pell Grant of $2,400 will cover only 25 percent of the $9,528 costs for our undergraduates. I have attached a graphic illustration of this declining value for students attending one of our campuses. I believe that it is essential that Pell Grants become an entitlement program to ensure against such erosion in future years.

To the extent that student loans must remain (represent) a significant proportion of the assistance we offer our students, let us make need-based loans available at the lowest possible cost and in the most efficient manner possible.

The campus-based Perkins Loan Program originally was intended to be a low cost supplement to grant programs for low income students. Now most of our low income students must borrow through the more costly guaranteed loan program that was originated for students from middle income families with inadequate savings or cash flow problems. I believe it is inappropriate to charge low income students hundreds of dollars in origination fees and insurance fees when they borrow funds to complete their education.

A significant increase in the appropriation for the Perkins Loan Program would augment the availability of low cost loans without origination or insurance fees. At the Chicago hearing you heard from University representatives who proposed modifications to the Perkins Loan Program. A summary of their recommendations is attached. Furthermore, the direct loan program concept currently being discussed and having been made possible by the Credit Reform Act also may be a way of providing relatively low cost student loans. I believe the proposal warrants serious study and consideration and have attached a copy of the proposal that the National Association of State Universities and Land-Grant Colleges has prepared to assist in this discussion. Finally, another acceptable means of providing low cost loans to students may be for the federal government to cover the cost of guaranteed loan origination and insurance fees.

In addition to enhancing current need-based programs, we must make every effort to ensure that scarce financial aid dollars are delivered to those students whom Congress intended to assist. We must restate and reinforce the

principle that parents have the primary responsibility, to the extent that they are able, to pay for their children's undergraduate education. One area of disparity is in the distinction between independent and dependent students. For students and parents, there are both confusion in interpretation and inappropriate application of the qualifications of "independent student" status. For example, it appears that some families of means are opting not to claim a child as a tax exemption or are filing retroactive amendments to their tax returns to establish independence for a child. Many high school students and college undergraduates are able to obtain the requisite $4,000 per year from earnings and gifts from relatives other than their parents, enabling them to meet the self-sufficiency test. Indeed, students can continue to be covered by their parents' health insurance, live at home, and still meet the current definition of an independent student.

We believe that all conditional criteria for undergraduate students should be eliminated to close loopholes such as that which allows recent high school graduates to establish independence in their first year as college undergraduates. We recommend that veterans, students age 24 and over, orphans, wards of the court and students with legal dependents continue to be considered automatically as independent students. To accommodate those who do not meet any of the automatic criteria but who genuinely appear self-supporting, financial aid administrators should be given some discretion to use their professional judgment in assessing independent student status.

In summary, any discussion of existing need-based financial aid programs must consider the ramifications of the following conditions: eroding grant coverage of college costs, subsequent increasing reliance upon student loans, charges beyond interest for borrowing to meet educational expenses, and manipulation of the independent student definition. As you know, Dr. Hoke L.

Smith, President of Towson State University and Vice Chair of the Board of the American Council on Education, testified before your subcommittee on March 21, 1991. President Smith's statement sets forth the consensus recommendations of twelve national associations for significant changes in the Title IV student aid programs. I sincerely hope as well that these recommendations are given serious consideration.

I would like to stress one additional theme. I believe that the reauthorization debate must include a discussion of larger societal conditions which so dramatically affect the ultimate effectiveness of the Higher Education Act.

In this regard, I recommend that the TRIO (Talent Search, Educational Opportunity Centers and Upward Bound) programs authorization should be increased to enable these programs to reach a larger percentage of at-risk students. These programs have proven to be successful but they can only serve a small fraction of eligible students because they lack adequate funding. Funding must be expanded to reach this population of students so that they can access and benefit from the opportunity of higher education. Furthermore, some students from middle income families may not be pursuing higher education because they have not made adequate plans and do not know how to meet the financial obligation. We need to be educating parents on the need for financial planning to enable the family to provide a level of financial support consistent with the approved federal needs analysis system. This educational intervention should begin when the students are in elementary school.

American universities are also making efforts to function as part of the world community of scholars. Foreign students and visiting scholars do reside on our campuses and U.S. students and scholars study abroad through

cooperative agreements and exchange programs. The Midwest Universities Consortium for International Activities, for example, which involves most of our Big Ten universities, now operates in 16 different countries and has under contract more than $80 million in international technical assistance. Other examples involving American universities could be cited.

And yet, we have only scratched the surface of what needs to be done to internationalize the curriculum and the campus and to prepare young people to live and lead in a world profoundly different from that of their parents and grandparents. Presently, less than one percent of American college and university students study abroad. The majority of American students studying abroad are white females from highly educated, professional families, majoring in the social sciences or humanities with a study abroad destination of Western Europe. We need to encourage students from all backgrounds and all fields of study, particularly the sciences, engineering, and business to study abroad. Students should have an international perspective of the world, a view of global reality, and a functional grasp of other languages and cultures. Students and, indeed, faculty members should be able to see the world in all its socio-political-economic complexity and richness, and yet I dare say few American universities could make good on such claims. Indeed, too few of our campuses have pondered the ramifications and the long term implications of globalization.

Globalization invites us to rethink and recast the academic experiences of students in engineering and agriculture; business and law; and indeed virtually every area within the university, blending learning in the discipline with growth in languages, cultures and global perspective. Creating the expectation of that dual preparation, and providing opportunities

and incentives for it, should move up on the agenda of not only American universities and colleges but national policy makers as well.

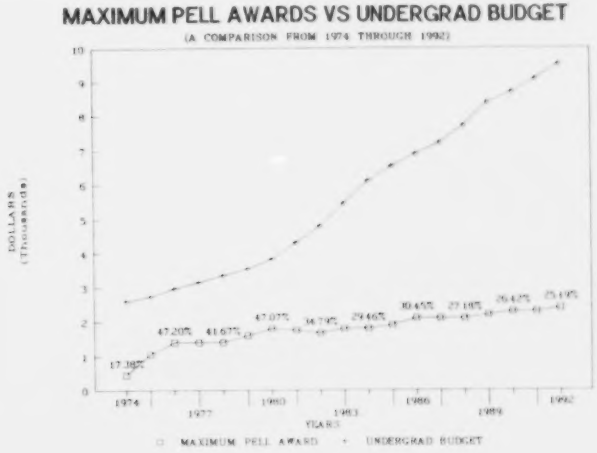
As you know, Senator Christopher J. Dodd (D-CT) and Rep. William Ford (D-MI) have introduced legislation "to amend the Higher Education Act of 1965 to promote equal access to opportunities for study abroad." The Senate bill, which you are cosponsoring, would allow students eligible for financial aid to use their aid for study abroad in an approved program. Under current law it is difficult to use financial aid for study abroad and as a result, many colleges do not permit aid to be used. Adoption of this proposal would be a key step in removing such barriers. This legislation also provides grants to institutions for the purpose of paying partial incentive stipends to students underrepresented in study abroad programs. Clearly we support this provision as well.

I would also like to stress that the ability of Americans to communicate with people from other countries is crucial to our economy and security. Our ability to communicate depends on our commitment to foreign language education. The higher education community needs to produce more foreign language teachers, particularly in the less traditional foreign languages such as Russian, Japanese, and Arabic. Students in disciplines such as business, engineering, and medicine must be encouraged to learn other languages for the U.S. to remain competitive.

One recommendation which could provide incentives in this regard is the proposed National Teacher's Act of 1991 which would forgive loans for students majoring in foreign language who agree to teach upon graduation. The initiative also "seeks to upgrade and expand foreign language instruction in our nation's schools through cooperative arrangements involving an institution

of higher education, a secondary school with a strong language program, and a secondary school with a sizable concentration of Chapter I eligible children."

Once again, thank you for providing me with the opportunity to present this statement on the Reauthorization of the Higher Education Act. I hope my comments have been helpful, and I welcome any questions you may have.



COMPARISON OF PELL GRANT YEARLY MAXIMUMS
WITH UNDERGRADUATE STUDENT COSTS, 1973-74 THROUGH 1991-92

YEAR	PELL MAX AMT	UG BUDGET	% OF BGT
1973-74	$452.00	$2,601.00	17.38%
1974-75	$1,050.00	$2,740.00	38.32%
1975-76	$1,400.00	$2,966.00	47.20%
1976-77	$1,400.00	$3,160.00	44.30%
1977-78	$1,400.00	$3,360.00	41.67%
1978-79	$1,600.00	$3,540.00	45.20%
1979-80	$1,800.00	$3,824.00	47.07%
1980-81	$1,750.00	$4,301.00	40.69%
1981-82	$1,670.00	$4,800.00	34.79%
1982-83	$1,800.00	$5,456.00	32.99%
1983-84	$1,800.00	$6,110.00	29.46%
1984-85	$1,900.00	$6,538.00	29.06%
1985-86	$2,100.00	$6,896.00	30.45%
1986-87	$2,100.00	$7,226.00	29.06%
1987-88	$2,100.00	$7,726.00	27.18%
1988-89	$2,200.00	$8,406.00	26.17%
1989-90	$2,300.00	$8,706.00	26.42%
1990-91	$2,300.00	$9,090.00	25.30%
1991-92	$2,400.00	$9,528.00	25.19%

Recommendations for the Reauthorization of the Higher Education Act of 1965

submitted by the Directors of Student Financial Services:

Judith Nemerovski Flink (Chicago)
Roger Pohlmann (Urbana-Champaign)

As Directors of Student Financial Services and active members in the Coalition of Higher Education Assistance Organizations (COHEAO) there are several modifications to the Perkins Loan Program that we consider integral to simplifying and improving the efficiency of the program. Accordingly, we submit the following recommendations:

Recommendation: Simplify Perkins Deferments

Currently, the Perkins Loan Program allows for 11 types of deferments. The number of deferments are a burden for both administrators and students. Deferments should be limited to in-school (including half-time) and forbearance to be defined by the institution (i.e. military service, temporary disability) according to regulation promulgated by the Department of Education. There should be no maximum length of time for deferments but review should occur every six months.

Recommendation: Establish a National Revolving Fund for all appropriated Perkins Loan funds

Under the Perkins Loan Program institutions may assign Perkins Loans for collection by the United States Department of Education. Any monies collected remain in the Treasury. Between 1985 and 1990 over $420 million collected through assignments were returned to the Treasury. Money currently returned to the Treasury should be placed in a National Revolving Fund used to fund the Perkins Loan Program. This would increase the annual lending power of the program by approximately 8 percent.

Recommendation: Reallocate unspent Institutional Revolving Funds

The Department of Education should be allowed to capture unexpended funds from an institution's revolving fund if those funds have not been awarded to students within two years after the funds were received. The Department of Education should reallocate those funds to institutions participating in the Perkins Loan Program.

Recommendation: Authorize institutions to compromise on defaulted Perkins Loans

Institutions should be allowed to compromise on defaulted Perkins Loans to encourage borrower repayment. Compromise should be regulated by the Department of Education to be consistent with the rules governing compromise under the Stafford Loan Program and the current criteria used by the Department for assigned loans. Compromise should apply for lump sum payments of 90 percent of the principal, interest, and late fees on defaulted loans.

Recommendation: Institutions report Perkins Loans to national credit bureaus no later than the end of the award year for which the loan was made

Currently, only delinquent Perkins Loans are reported to credit bureaus. Credit bureau reporting is an effective means of reducing defaults. Perkins loans should be reported to the national credit bureaus by the institution no later than the period of study or the end of the award year for which the loan was made.

Recommendation: Expand the Perkins Loan Program by authorizing the transfer of up to 25 percent of other federally supported campus-based programs.

Currently, Congress has authorized the transfer between certain programs of up to 10 percent of appropriated funding, enabling institutions to define their preferences regarding the use of campus based funds. Inclusion of the Perkins Loan Program in Sec. 488 would permit institutions to transfer funds among the three campus-based programs. The percentage of campus-based funds (appropriated and matching funds) available for transfer for such transfer should be increased to 25 percent.

National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

May 2, 1991

MEMORANDUM

TO: Members of the NASULGC Council of Presidents

FROM: Robert L. Clodius

SUBJECT: Direct Student Loan Program

At its April 9, 1991, meeting the NASULGC Executive Committee unanimously approved the recommendation of the Legislative Committee, Chaired by President James J. Duderstadt of the University of Michigan, that NASULGC support a federal direct student loan program in reauthorization of the Higher Education Act. A direct loan program could save federal dollars, eliminate program administration at the university, and simplify the process for the student. This new direct loan program could eventually substitute for the Stafford Loan Program.

President Duderstadt pointed out that the development of such a program is complex. If a "snake in the grass" is found along the way which would make such a program unworkable, the Executive Committee will be so advised and asked to change its position.

At their Executive Committee meeting the Council on Student Affairs also endorsed the proposal. The Federal Legislation Committee, the Federal Student Financial Assistance Subcommittee and the NASULGC Working Group on Direct Loans will continue to develop the proposal.

Attached is a working draft describing how a direct loan program might work. It will continue to be expanded and refined as the reauthorization process moves forward.

Your comments and suggestions would be most helpful in the development of this program. Please contact Tom Butts, the Associate Vice President for Government Relations, for the University of Michigan (202/554-0578), currently on assignment to NASULGC on matters of the Higher Education Act reauthorization.

RLC:la
Enclosure

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National Association
of State Universities
and Land-Grant Colleges

Robert L. Clodius, President

DIRECT STUDENT LOAN PROGRAM
4/30/91

The credit reform provisions of the Budget Reconciliation Act of 1990 change the way the government accounts for the credit it extends in the form of loan guarantees and direct loans. Credit reform and the pending reauthorization of the Higher Education Act provide the opportunity to review the structure of the student loan programs and make significant improvements by authorizing a program of direct loans.

Would a direct loan program be an entitlement?

For a direct loan program to be supported by the education community, it must be an **entitlement** (mandatory) program as is the current Guaranteed Student Loan (GSL) program. Similarly, the **amount** of capital available under a direct program must only be limited by **student eligibility** - not by a fixed total amount per year. This would be similar to the existing GSL program except that capital availability would not be dependent on lender willingness to loan.

Why restructure the student loan programs?

Credit reform has made direct loans a less costly way to deliver loan assistance to students. Savings in the first year alone have been estimated to be greater than one billion dollars.

The Guaranteed Student Loan Program is an immensely complicated and expensive affair for students, schools and the Education Department. With more than 13,000 lenders, over 50 guarantee agencies and several secondary markets participating in the error prone program, the bewildering array of paperwork, regulations, procedures and fees is enormous. Many colleges and universities deal with every guarantee agency during the course of the year and with hundreds of lenders. Notwithstanding efforts by some guarantors and lenders to streamline the GSL program, it takes unnecessary time within the institution, plus the time required by guarantors and lenders, to process a Guaranteed Student Loan.

By contrast, a school can process a Perkins Loan along with a student's regular application for grants and scholarships with minimal paperwork. The institution has direct control over the timing and distribution of loan funds.

Direct loans can provide a number of advantages to students including the elimination of the GSL application, timely delivery of aid, more time available for counseling by financial aid offices, elimination of up front origination and insurance fees, improved access to deferments, automatic loan consolidation, choice of repayment plans with no additional charges, and reduction in the constant pressure to increase student interest rates to offset government subsidies. Further, students experiencing hardships or changes in financial circumstances requiring an adjustment in the amount of their loans will be able to have their requests dealt with promptly.

Last Fall, the Senate Permanent Subcommittee on Investigations, chaired by Senator Sam Nunn (D-GA), documented many of the costs and problems associated with the GSL program. Among them are: student defaults, the financial failure of one major guarantee agency, questions about

the strength and number of guarantee agencies, severe problems in managing student loans by lenders, and fraud and abuse by certain lenders and some trade schools. The General Accounting Office recently reported that the GSL program has become such a maze that it cannot be audited. In addition, student horror stories abound about the paperwork obstacles to higher education caused by both obtaining and repaying GSLs.

As a matter of Federal policy, the GSL program has shifted from being the major program of support for middle income students to the primary loan program for students with demonstrated financial need. When the GSL program was created in 1965 (modeled after several existing State guarantee programs), it was intended to provide loans to students from middle income families. Since low income students were served by the Perkins program, there was little necessity for these students to obtain GSLs. This change in focus resulted from the inability of the Congress to appropriate adequate loan capital for the Perkins program and still maintain support for the grant programs.

The GSL program, however, is now asked to provide three types of loans - Stafford loans for students who demonstrate financial need, parent loans for undergraduate students (PLUS), and supplemental loans (SLS) for students who do not qualify for Perkins or Stafford loans or who need more money than they qualify for under other student assistance programs.

There is no point in having two Federal student loan programs with the same means test if there is adequate capital available to meet all student financial need remaining after grants have been awarded.

Experience with the Perkins program shows that operationally direct loans serve both students and most institutions better than Stafford loans. Under a direct loan, origination is simple and the student knows who made the loan.

What effect does credit reform have on student loans?

The Federal government presently obtains capital for the GSL program by paying retail price incentives to the capital markets. Under credit reform, it can obtain capital wholesale from the same (and other) private capital markets and significantly reduce costs to the taxpayers.

Prior to credit reform, only government subsidies were included in the Federal budget for guaranteed loans while the entire amount of the capital used for direct loans appeared as a Federal cost. This apple and orange situation caused direct loans to appear more costly than guaranteed loans.

Under credit reform, both types of loans are priced the same way. Only the costs associated with obtaining the capital and subsidies are counted in the budget - not the amount of capital involved. In the case of GSLs the government obtains capital from the private sector through guarantees and special allowances. (Lenders are entitled to the average of 91 day Treasury Bills plus 3.25%). In the case of direct loans the government acquires capital from the private sector through the sale of government securities (treasury bills, etc.).

With credit reform, the cost to the Treasury of a cohort of loans made each year is scored in the budget for the projected life of the loans. Included are costs paid by the government to obtain capital such as special incentive allowances to lenders, in-school interest subsidies and defaults. Federal administrative costs are accounted for as a line item in the mandatory part of the budget.

According to the December 1989, Congressional Budget Office study on credit reform,

> The difference in the budgetary treatment between direct loans and guaranteed loans creates a bias in favor of guarantees because their costs are deferred. When the costs are known (after default) and finally recorded in the budget, they are well past the government's control. Consequently, loan guarantees have been growing much faster than direct loans in recent years. The total cost to the government of the new guaranteed loans is now many times more than the cost of new direct loans. (p. xii)

The President's FY 92 Budget states that

> Clearly, credit reform is not "just" an accounting change. It is an opportunity to see each program with fresh eyes. Credit reform asks the right questions: Who is being helped? By how much? At what cost? It focuses attention and budgetary decisions on the costs underlying each loan, juxtaposed with the borrowers who benefit from these programs. It provides perspective for both policy analysis and program management. (Part Two - 226)

An examination of the cost of a direct student loan and a loan guarantee, all factors like student interest rate being held equal, shows that a direct loan will be less costly to the government than a GSL -- primarily because the government can borrow money from the private sector at Treasury bill rates for direct loans rather than the 91 day Treasury bill rate plus 3.25% now assured to GSL lenders, even during the in-school period.

Under credit reform, government borrowing from the private sector for direct loans does not increase the deficit. The payment of more subsidy costs than necessary for GSLs does increase the deficit. In addition, direct borrowing for student loans would replace existing guaranteed borrowing. Also, over time the flow of repayments back to the capital markets would approximate the amount borrowed for new loans - thus establishing something akin to a national revolving fund.

How would the government obtain capital for direct loans?

The Secretary of the Treasury, in consultation with the Secretary of Education, would sell treasury securities to the private sector to obtain necessary capital. This would be accomplished in the same way funding for Sallie Mae was provided until 1981.

Under that procedure, the Secretary of the Treasury, through the Federal Financing Bank, sold government securities to the private sector at the appropriate time and made the funds available to Sallie Mae. In the case of direct loans, the Secretary of the Treasury would make funds available to the Secretary of Education for allocation to institutions through the Education Department's (ED) finance system from which institutions presently draw student aid funds.

Repayments would return to the private sector through the Treasury and not be left to accumulate in institutional revolving funds as is the case with Perkins loans. Allowing collections to remain in institutional revolving funds would cause the proposed program to lose its status as an entitlement to students, as well as its status as a direct loan program; currently Perkins loans are scored as grants to institutions because the loans become part of revolving funds at the institutional level. The concept of "insurance" does not apply in the case of a direct loan since the government already owns the loan note.

How would a direct loan program operate?

A new direct loan program would be similar in concept to the Pell Grant Program, i.e., institutions are essentially agents of the federal government and process the loan on the government's behalf. The Pell Grant Program is not technically a campus based program. Students receive vouchers (Student Aid Reports) that they may use at any eligible institution.

While a student voucher would not be involved, a direct loan program would operate in a similar way in that the loan is made directly by the federal government to the student with the institution acting as originator.

How would funds be allocated to institutions?

The allocation of funds to institutions could take place following one or a combination of existing models. A preferred approach would be to use the distribution system utilized for Perkins loans and the other campus based student aid programs. Under this method, the Fiscal Operations Report and Application (FISAP) would be used to make initial allocations each year. Institutions would indicate on the FISAP the amount lent in the previous year and project needs for the coming year. Institutions not participating in the campus-based programs would only complete the direct loan section. The Department would approve all initial requests, unless it had reason to believe the request was not reasonable or the school was not eligible, etc. Another approach would be to use the Pell Grant allocation system. In either case, the reconciliation of individual student records would NOT take place at this point in the process.

Special adjustment requests would be made during the course of the year by institutions to increase or decrease their allocations in accordance with actual student eligibility for direct loans. Reconciliation of individual student accounts would occur at the end of the year with the filing of the FISAP report.

Under either approach, institutions would follow existing ED procedures to draw necessary funds on a timely basis to fund all eligible students. These procedures do not allow institutions to obtain funds more than three days in advance of the time they are to be expended.

How would student eligibility be determined?

Students would apply for all forms of financial aid and provide need analysis information to the institution(s) they attend or plan to attend, as they do now .

Institutions would conduct a need analysis, determine eligibility, package direct loans with other student aid and notify the student of award amounts and conditions.

How would the loan be disbursed to the student?

Like the Perkins loan program, institutions would prepare a promissory note for the student's signature. Following appropriate loan counseling procedures, the student would sign the promissory note. Funds would then be credited to the student's institutional account or given to the student depending on circumstances.

What would happen after the loan is disbursed?

The Federal Government (Education Department) would have responsibility for servicing and collection. ED would have contracts (including performance bonuses) with private sector

servicers for billing and collection. A few institutions might act as servicers for their students if they qualified and wished to do so.

Institutions would deliver signed promissory notes to an ED contractor. It is expected that arrangements would be made for several means of delivery, including the possible electronic transfer of notes.

Multiple year notes and notes from different schools would be consolidated immediately under this system. With the opportunity to establish a new central file, the insurmountable data problems of the existing GSL program would be phased out. The Pell Grant Program has demonstrated that a central processor can work with multiple data entry contractors. In this case loan servicers would relate to a central processor in a similar manner. Servicers would be required to meet uniform ED specifications and would be subject to audits and reviews by ED.

Institutions would continue to report enrollment status as they do now in the GSL program - only with one uniform reporting system synchronized with institutional academic calendars.

Since most of the administrative activity would be done under contract, the Department's principal responsibility would be oversight. Other government agencies, such as Treasury, might assist with management of the collection responsibility.

What about administrative support in the Education Department?

While ED has experience in working with private sector servicers and has a credible record in collections, the Congress should earmark salary and expense money for the operation of all of the Title IV student aid programs, including direct loans. Funding should be directed by the Congress for training, technical assistance to institutions, program reviews, contracts and contract administration.

In addition, the Congress should provide initial funding to ED to enable it to obtain and utilize state of the art telecommunications and computer technology to handle loan transactions and management information.

Although the GSL program has been patched together over the years to the point where it cannot be audited or managed effectively, ED has - under very difficult circumstances over the last 10 years - done a credible job of administering the Pell Grant and campus based student aid programs. In addition, it has managed Perkins and GSL default collections activity well under the circumstances. Indeed, as the Nunn hearings have demonstrated, there is serious question about the quality of some of the servicing done by private lenders in the GSL program. The ED system makes use of private servicers and loan collection contractors in addition to the IRS offset program. ED has also managed large elementary and secondary education programs well.

Since a direct loan program would not have the complexities of lenders, secondary markets and guarantors, it would clearly be easier for the Education Department to manage than Stafford loans.

Secretary of Education Lamar Alexander's initiative to make major management improvements in the student aid programs is encouraging. With good leadership and reasonable resources, public servants can manage programs very well.

Which institutions could participate in direct loans?

The Congress must determine institutional eligibility. Clearly, eligible institutions should be able to demonstrate administrative capacity to meet their responsibilities for fiscal

stewardship and management. Recent changes in law have eliminated many questionable institutions from the student aid programs. In addition, proposed reauthorization changes in accreditation and licensure by the education community and the Administration would further tighten the system.

Would institutions be provided administrative allowances?

It would not be wise to begin a new program with the promise of eliminating the problems of the existing GSL program without providing good administrative support up front. Institutions may find that the administrative savings they achieve from the elimination of all or a part of the existing GSL program will help offset new costs. However, the issue must be examined and appropriate administrative allowances and support provided. An annual $20 allowance per eligible direct loan student has been suggested.

It should be noted that guarantee agencies now receive about $110 million yearly as an administrative cost allowance from government appropriations and have the use of student financed insurance premiums of up to three percent. Agencies also retain 30% of collections they make on defaulted loans.

What about small schools or schools that do not presently participate in the Perkins program?

The Education Department could arrange a contract for an alternative administrative entity which would assist schools that do not wish to administer the loan program themselves or lack the administrative capability necessary to manage it. This alternative system could be similar in concept to the "alternative disbursement system" for Pell Grants which existed prior to 1981.

However, many small schools may find that a direct loan program may be easier to manage than the existing Stafford program.

What about institutional liability?

Institutions are presently liable for errors made in executing any of the tasks they perform related to the GSL program. This would not change with direct loans. The institution would need to draw down funds, determine student eligibility, and disburse funds correctly. Once promissory notes have been accepted by the government (within a proposed 45 day statutory time limit) liability would end - except, of course for cases of fraud. Some observers believe that institutional liability might be less than GSL since the number of entities dealt with would be reduced and the institution would have control over the entire origination process. In addition, the institution would still have access to the student's account to recover funds and an opportunity to find the student to obtain a missed signature on a promissory note.

What about institutional cash flow?

Most institutions would have an improved cash flow under a system of direct loans. Not only would funds be available when school started, the delays caused by handling checks co-payable the institution and the student from hundreds of lenders would be eliminated.

Could the financial aid transcript be eliminated?

Currently notification of a student's federal aid must be made to the institution to which a student transfers. This is accomplished through a cumbersome and expensive financial aid

transcript process. With a a national direct loan data file on all students and the existing Pell grant data file, it would be possible to eliminate the financial aid transcript.

What would happen to the existing Perkins loan revolving funds located at institutions?

These funds should be left at the institutions and the income used for other student aid purposes or special student loans. Under this approach, collections would be invested in an institutional endowment or total return fund for that purpose and the earnings used for student grants or employment.

Over the years, many schools could get out of the loan collection business!

What role might exist for guarantee agencies or lenders?

The parent loan program (PLUS) should be significantly improved as a guaranteed loan. The maximum loan should be determined by the cost of education less other financial aid received by the student. In addition, the tax writing committees should be encouraged to restore the interest deduction for parent and student loans.

While all three GSL programs - Stafford, PLUS and SLS - could be operated under a direct system, it can be argued that the low cost of the unsubsidized PLUS and SLS programs together with the more natural relationship between credit worthy parents and lenders it makes policy sense to continue these programs under the existing system. Guarantee agencies may also wish to participate in the servicing function for direct loans.

How should direct loans be phased in?

The American Council on Education (ACE) and twelve other education associations have proposed that need based direct loans be available to institutions on an optional basis. Under this proposal, an institution would participate in either Stafford or direct lending. Another option is to substitute direct lending for the Stafford and Perkins programs, bringing all new need based lending under one program. Proposed legislation sent to the House Subcommittee on Postsecondary Education on April 8, 1991, by ACE provides legislative language consistent with the framework for direct loans described in this paper.

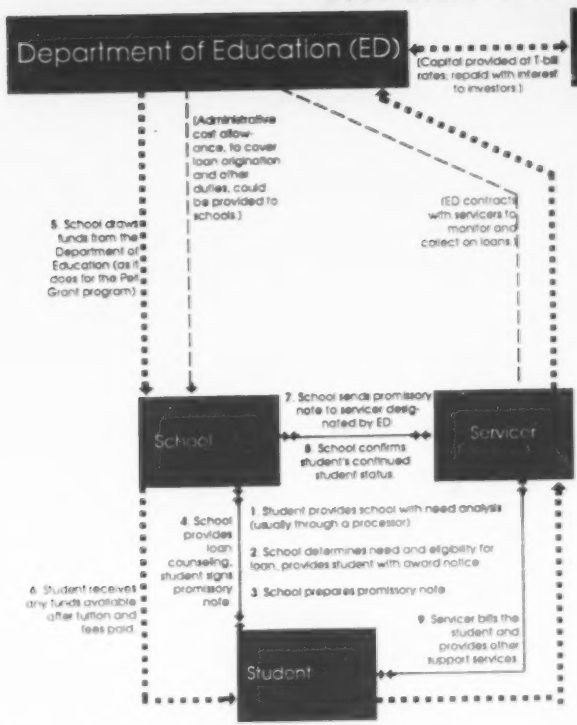
The existing Stafford portfolio will, of course, have to be phased out and provisions for transition made if the bolder option is adopted. It might be necessary, for example, to change the existing administrative cost allowance (ACA) of one percent of new loans originated to an allowance based on outstanding loans. In addition, increased PLUS volume might replace a substantial portion of ACA lost due to elimination of Stafford loan volume.

When should direct lending be implemented?

Finally, direct lending should be implemented only after adequate lead time has been provided for detailed planing and preparation. At a minimum that should be one full program (school) year following the date of enactment. For example, if the President signed the enabling legislation in March of 1992, the program would not go into effect until July 1, 1994.

The development of a direct loan plan is a dynamic process that will continue to require the best thinking of many people. The advantages and disadvantages of changing a major student aid program will have to be carefully considered.

"Direct Loans": An Example


Department of Education (ED)
Capital Markets, Investors
(Capital provided at T-bill rates; repaid with interest to investors.)
(Administrative cost allowance, to cover loan origination and other duties, could be provided to schools.)
(ED contracts with servicers to monitor and collect on loans.)
5. School draws funds from the Department of Education (as it does for the Pell Grant program)
School
7. School sends promissory note to servicer designated by ED.
8. School confirms student's continued student status.
Servicer
4. School provides loan counseling, student signs promissory note.
1. Student provides school with need analysis (usually through a processor)
2. School determines need and eligibility for loan, provides student with award notice.
3. School prepares promissory note.
6. Student receives any funds available after tuition and fees paid.
9. Servicer bills the student and provides other support services.
Student
Paper and Data
Fees and Subsidies
Capital and Principal

Prepared for discussion purposes by the Office of Senator Paul Simon.

NOTES:

This is just one way of re-designing the student loan system to take advantage of the credit reforms in the 1990 Budget Act.

Some people advocate a complete shift to this type of system, while others would provide this kind of an option to schools, on a test basis.

Current guarantors, lenders, other organizations, or the schools themselves could apply to ED to be an approved servicer.

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Senator SIMON. I thank you for your testimony and your leadership.

Cary Israel, Executive Director of the Illinois Community College Board.

Mr. ISRAEL. Thank you very much, and I appreciate the opportunity, Senator Simon, to testify before you and the opportunity to submit our total testimony, and I'll be brief with our particular points.

I am the Executive Director of the Illinois Community College Board, which is a coordinating board for the forty community college districts in this State, and it represents fifty community colleges located in Illinois. I'm also a member of the Board of Directors of the American Association of Community and Junior Colleges, one of 30 representing more than 1,200 community colleges throughout the Nation and a diverse student population of over 6 million people.

My comments today will focus on Illinois, but also many of the things I'm going to be talking about apply also for the community colleges across the country.

Senator SIMON. If we could, and just—I'm not picking on you, but we are going to enter the full statements in the record and I am going to try to limit everybody to 5 minutes in their formal statements here.

Mr. ISRAEL. Sure, that's fine.

As you are aware, community and junior colleges are the largest segment of higher education and they continue to grow. Current enrollment in Illinois is 350,000 students in community colleges. We in community colleges are taking a major undertaking in that we have students coming for all different types of objectives, whether to get the first 2 years toward their baccalaureate degree, the preparation toward that 4-year degree, occupation or basic skills in life-long learning.

What I would like to call upon you, Senator Simon, is that recently in this country we had a herculean effort in Operation Desert Storm. There was loss of life as this country decided to make a decision to go over there. I would like maybe you to lead the charge, and others, during this reauthorization and have an educational storm in this country. I would like us not to take down our yellow ribbons and have an educational storm, because I think that our focus in this country must be on higher education and levels of education if we are going to maintain our competitiveness and if we are going to maintain our leadership in the educational field. So hopefully we will continue to have an educational forum, An all-out effort to provide for occupational and basic skill training needed for a productive educated workforce.

The Higher Education Reauthorization Act provides us, I think, with that opportunity. Major strides can be made if we can combine some selected titles under the Act in order to accelerate a more comprehensive network between community colleges and the employer/college partnerships for workforce development and for opportunities to develop new career fields. Restructuring of financial assistance should be considered to address the needs of diverse community college student population, one from a person with no

degrees to individuals that are coming back that have their baccalaureate, master's or doctorate.

We now have 15 percent of all community college students to 18 percent who already have received advanced degrees coming back to the community colleges because of massive restructuring because of technology in the workplace. We have those students attending less than half time so we encouraged that there be some type of assistance for people who are retooling, restructuring or remissioning in the workplace.

Institutional aid programs, including challenge grants, need substantial increases in funding to meet growing enrollment needs and to provide physical stability during these difficult times to eligible institutions.

There is going to be increased reliances on community colleges for workforce preparation in the coming years because of emergent technology, restructuring of jobs in America, literacy skills and other programs vital to keep a healthy and vibrant economy.

We think special focus should be given on community colleges and that's why we are asking for the creation of an assistant secretary for community, technical and junior colleges in this Nation to focus attention and provide collaborative efforts to deliver and administer comprehensive programs. We believe that it's important that this position be established in the education department.

I appreciate the opportunity of testifying today. Please feel free to call on the Illinois Community College Board and our staff to help you or your staff as you continue to craft what I think is probably most significant legislation in this country, the Higher Education Act.

Thank you.

[The prepared statement of Mr. Israel follows:]

PREPARED STATEMENT OF MR. ISRAEL

I would like to begin by thanking U.S. Senator Simon and the other members of the Committee for the opportunity to testify. I am Cary Israel, Executive Director of the Illinois Community College Board. The ICCB is the coordinating board for the 40 districts and 50 community colleges located in Illinois. I am also a member of the Board of Directors of the American Association of Community and Junior Colleges, representing more than 1,200 colleges across the country and a diverse student population of more than 6 million.

As the Committee begins these most important deliberations, there are a few basic facts which I would like to present for consideration. I will be speaking primarily on behalf of the community college system in Illinois, but I would point out that many of these same facts hold true throughout much of the country.

Community technical and junior colleges are the largest segment of higher education, and they continue to grow. Currently, enrollment is more than 350,000 in Illinois, and nationwide the figure is more than 6 million, with an additional 4 million served through non-credit courses and services.

Community colleges undertake higher education's most comprehensive set of roles. Students attend with a host of different objectives, ranging from preparation for baccalaureate degrees to occupational and basic skills training and life-long learning.

Community colleges provide a primary means of supplying Illinois and the nation with a trained workforce. Currently, 15 of the 20 fastest growing occupations in the country require a post-secondary degree, while only two require a baccalaureate degree.

The current economic picture in Illinois and throughout the country, coupled with recent events in the Persian Gulf, help to demonstrate the need for a strategy to

address the country's educational and economic challenges as well as our ability to mobilize and meet such challenges.

The Herculean efforts in Operation Desert Storm took a large force of men and women, many of them with relatively low levels of education, and trained them in the operation and maintenance of sophisticated weapons and support technology. Perhaps what is needed in this country is a version of Desert Storm for education; an all-out effort to provide the occupational and basic skills training needed for a productive educated workforce.

The Higher Education Act Reauthorization provides us with an opportunity to make major strides in such an effort. Selected titles of the Act could be combined to form a comprehensive network of employer-college partnerships and accelerate workforce development and postsecondary opportunities in a variety of career fields.

Restructuring of financial assistance should be considered to address the needs of a diverse community college student population. Student assistance provisions should include increased grant allowances and self regulation based on Stafford loan populations and default rates. Attention must be given to the 15 to 18 percent of community college students who have already received advanced degrees, and to those students who are attending less than half-time.

Institutional aid programs including challenge grants need substantial increases in funding to meet growing enrollment needs and to provide fiscal stability to eligible institutions.

The increased reliance on community colleges for workforce preparation retraining in emerging technologies, the restructuring of jobs in America, literacy skills and other programs vital to the economy are evidence of a need for increased attention at the federal level. Creation of an Assistant Secretary for Community Technical and Junior Colleges would help focus that attention and provide the collaborative effort needed to deliver and administer comprehensive programs.

There is a growing consensus in this country that a world-class workforce is vital to maintaining our place in a competitive economy. We are facing an educational and economic crisis in this country, and the time for decisive and quality comprehensive action to address that crisis is now.

Thank you for allowing me these comments. Please feel free to call on me to assist you or your staff as you continue to craft the Higher Education Act reauthorization.

Senator SIMON. Thank you very much.

And representing the Illinois Student Association, David—David, do you pronounce it Starrett?

Mr. STARRETT. Starrett.

Senator SIMON. OK, Starrett. I'll get it right here. You are executive director, and last night I went through—you have a whole series of very specific recommendations and I like that. It's good, too, that we have something to work with and while here and there I found one I differed with, fundamentally I thought it was an excellent series of recommendations.

Mr. STARRETT. Thank you, Senator, and we certainly appreciate the opportunity to make that part of the record at this hearing and present our comments orally.

Like my compatriots here at the table I certainly welcome you to Springfield and thank you for showing such leadership over so many years for so many students so often in higher education. In many respects it's because of you that we have a Federal student aid program at all that works as well as it does as often as it does for as many students as it does.

I want to begin just briefly by mentioning a few trends in Illinois higher education. I try to do that no matter wherever I speak and the one that people are used to hearing me talk about is student costs, and that's certainly relevant to Federal financial aid programs.

In Illinois during the last decade tuition and fees have doubled everywhere, everywhere except public universities, where they

have tripled. That's important because higher education is what student aid pays for. Despite a 58 percent increase in the average amount of Illinois aid, the program scarcely had a chance to keep pace with grants. The average grant, which more than paid for tuition and fees during that time at the beginning of the decade, now covers more than 56 percent of those costs. If we measure it against the estimated total cost of attendance at Illinois public universities at about this time during 1988, the figure of percentage coverage drops to about 25 percent.

The Department of Education has become rather fond in recent months of talking about how higher education appropriations during the 80's matched the rate of inflation, but they are measuring inflation by the Consumer Price Index and that's just not a relevant measure.

Again, student aid buys higher education and higher education costs have risen far, far faster than inflation. If we instead use the actual tuition and fee cost increases as the measure of inflation, we find that the average Pell Grant to Illinois public university students lost 42 percent of its purchasing power during the 1980's.

If we construct an inflation index from tuition and fee increases, we find that the 1990 average of $1,509 for a Pell Grant to Illinois public university students was actually worth only $536 cost constant 1980 dollars and only $382 constant 1975 dollars.

We've provided a number of tables and graphs, as you've indicated, that hopefully demonstrate some of these trends, the very serious ones.

When students cannot meet the cost of their education, rising cost of their education with grant aid, they have essentially three options. One, spend more hours working and fewer studying. A recent survey by the American Council on Education and the University of California Los Angeles published in the Chronicle of Higher Ed found that a greater share of students, even entering freshmen, spend more than twenty hours per week working than do spend that much time studying. That's a problem. That's a problem that needs to be solved.

Another option is assume lighter class loads and take longer to graduate. Probably more expensive. That's not an acceptable option either but many do choose it. Some people stop off, some people just take five or 6 years to graduate because they have to work longer hours or because they have to leave school and go to work to save money to go back to school.

The third option is to take out more and larger student loans. The statements that I have appended to our written statement show that the weighted average Illinois student loan has nearly doubled at Illinois public universities, more than doubled at Illinois private universities and nearly tripled at community colleges since 1975. The Illinois Guaranteed Loan Program, which is comprised of Federal Stafford, PLUS, SLS and ALAS loans, have shown the greatest increases during this period but the annual waited average student loan increasing 74 percent.

More significant than that, however, is a 240 percent increase in the annual number of loans taken out by Illinois students. This suggests to us that students are not only borrowing more money, they are borrowing more often.

We are led by this to calculate that in 1989 someone left school having borrowed the average amount for their previous 4 years, they would leave school owing $8,110 before interest even began to accrue on those loans. The eventual repayment amount of that debt will be far greater when its interest does accrue. We have a number of loan tables as well which we hope demonstrate that trend.

Senator Simon, as you've indicated, I've included a number of specific recommendations. We refer to it in our written testimony as a laundry list. That list includes simplifying the system for aid application delivery so that it's less confusing and cumbersome, less administratively wasteful, changing the definition of independent student status back to something much closer to what it was before the last reauthorization. And last and far from least is something that you've proposed for some some time, which is making the Pell Grant program an entitlement for students. We want you to know that we are strongly supportive of that kind of measure. We think it's essential, but frankly we think that most of what we've proposed even in our own document is just inadequate to the case as we find it today.

Although this list of proposals was developed by us in conjunction with ten other State student associations mainly from the midwestern part of the country, we think it is inadequate because we think it is time to completely rethink the Federal Government's whole approach to higher education.

Senator Simon, almost 100 years ago this Nation debated long and hard and eventually took the decision to guarantee access to primary and secondary education to all citizens in this Nation. We continue to reap the benefits economically, socially and politically for having done that. And we believe it's time to begin doing the same thing for higher education. The fact is that right now a baccalaureate, 4-year baccalaureate degree from the universities or colleges in this Nation means in economic and social terms about what a high school diploma did 50 or even 30 years ago. Others in the international economic sphere have begun to recognize that and we must, too.

It won't be easy to guarantee universal access to higher education to the citizens of this Nation, but I think it's past time that we found the economic wherewithal and political courage to take that on, because if we don't, we are going to continue to slide backward in relation to our colleagues around the Nation or around the world and I don't think any of us want to see that happen.

I would be happy to take questions and I'm sure you have some for others up here as well.

[The prepared statement of Mr. Starrett follows:]

PREPARED STATEMENT OF MR. STARRETT

I.
Introduction

In 1965 the Congress and the President made a commitment to the nation and to future generations of students that the United States would indeed remain a land of opportunity in the future as it had been in the past. With the signing of the Higher Education Act, the nation took a leap forward in assuring its own continuing economic success and that of its citizens.

Since that year, Congress and the President have undertaken reexamination, adjustment and revision of the Act roughly every five years. For the most part, this has been a process of quinquennial strengthening and refinement. More recently, however, with the 1986 reauthorization of the Act, we have begun to see programs redesigned to suit budgeters rather than educators, to assure savings rather than access.

While it is true that dollars alone do not accomplish education, it is also true that faculty cannot teach, students cannot learn, and classrooms cannot stand without the genuine support of those state and national institutions which called them to their places. This is a lesson still unlearned by many public policymakers here in Illinois. It is thus the more important that those in Washington not forget it.

We welcome and are grateful for the opportunity to present the views of Illinois students in this process which will determine the contours of federal student aid for the next five years. We remain hopeful that they will be brighter ones than the last five.

II.
Disturbing Trends, Developing Problems

The decade of the 1980s has seen a number of unsettling trends strongly affecting student access to higher education. Chief among these for Illinois students have been dramatic and unfettered increases in student tuition and fee charges. In Illinois, tuition and fees have doubled for community college and private university students, and tripled for public university students since the beginning of the decade.

Despite a 58% increase in the amount of the average Pell grant to Illinois public university students during the period, the program scarcely had a chance to keep pace. This average grant, which more than paid for tuition and fees at the beginning of the decade, now covers only about 66% of these charges. If we instead measure Pell against the average total cost of attendance at Illinois public universities as estimated by the Illinois Student Assistance Commission (ISAC), the figure drops to 25%.

We have noted with some interest the statements by officials of the Department of Education that funding for the Pell program has kept pace with inflation. That is, inflation as measured by the Consumer Price Index (CPI). Our observation is that this sort of analysis might make some sense if student aid were indeed used to by stereos and Florida vacations, as once opined by former

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Education Secretary Bennett. Student aid, however, is not used to purchase consumer goods, it is used to purchase higher education. In Illinois, the price of higher education has risen at nearly three times the rate of inflation as measured by the CPI.

If we instead use actual tuition and fee cost increases as the measure of inflation, we find that the average Pell grant to Illinois public university students lost 42% of its purchasing power during the 1980s. If we construct an inflation index from tuition and fee increases, we find that the 1990 average $1,509 Illinois public university Pell grant was actually worth only $526 in constant 1980 dollars, and only $392 in constant 1975 dollars.

We have appended several tables and graphs to illustrate trends in tuition and fees, total student costs, and several federal student aid programs for each of the public university, community college and private university sectors since 1975.

One of the principal effects of the trend in student costs is another trend in student loans. When grant aid to students cannot keep pace with rising costs --and it clearly has not-- students choosing to remain in school can compensate with one or more of essentially three options:

1. More hours of work and fewer hours of study. A recent survey by the American Council on Education and UCLA found that even among entering freshmen, a greater proportion spent at least 20 hours per week working than spent that much time studying.

2. Lighter class loads, and a longer road to graduation, ultimately at greater cost.

3. More and greater student loans.

The appended data show that the weighted average annual student loan has nearly doubled at Illinois public universities, more than doubled at Illinois private universities, and nearly tripled at community colleges since 1975. The Illinois Guaranteed Loan Program (IGLP) which is comprised of federal Stafford, PLUS, SLS, and ALAS, loans has shown the greatest increases during this period, with the annual weighted average student loan increasing 74% from $1,247 to $2,171. More significant, however, is the 340% increase in the annual number of loans provided to Illinois students under these federal programs. 69,115 such loans were made here in 1989, compared to 15,713 in 1975. This suggests that students are not only borrowing more money, they are also borrowing more often. We are led by this to calculate that an Illinois public university student graduating in 1989 and having borrowed the average amount in each of the previous four years, left school owing $8,110 before interest began to accrue. The eventual repayment amount on this debt will be far greater.

Significantly, the 69,115 IGLP loans made to Illinois students in 1989 is actually down from a high of 92,481 in 1985. We believe that this is because the 1986 reauthorization provided for needs testing as a condition of receiving Stafford Loans. This means that loan recipients today are much more

likely to be from poor and disadvantaged backgrounds: the population for which Pell grants were originally intended. As we have seen, however, the Pell program has not kept pace with costs, and borrowing has become a principal compensator. As a result, not only are more students borrowing more money more often, but they are the wrong students.

Thus, the completed picture: Costs have increased, grants have not kept pace, and more students from the most at-risk populations are borrowing more dollars more often to emerge with higher debts at a greater rate of interest.

III.
A Laundry List

Following is a listing of positions and recommendations based closely on a statement developed jointly by the staffs of a consortium of state student associations including those in Arizona, Colorado, Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Washington, and Wisconsin. We include a version of it here, as part of our testimony, because we believe that its recommendations represent a useful guide in breaking the disturbing cycle into which we, as a nation have fallen.

Student Aid

A. Applying for Student Aid

1. The Application Process

It is clear that the process for applying for federal student financial aid is very complex and often confusing. The current application delivery system should be restructured in order to make it more "user friendly." Principal goals in the process should be fairness, and the encouragement of access to higher education. The current system can be particularly daunting for first generation college students, whose parents often have no experience in completing complex applications. A simpler process would encourage more low income students to apply.

2. The Application Form

Congress should require a single form which can be used by all postsecondary students in applying for federal aid of all types. Differences among current forms should be carefully studied to ensure that eventual standardization does not diminish quality. Representatives of students as well as parents and other interested constituencies should be involved in developing such a form.

In addition, a separate, shorter, supplemental form should be developed for those students reapplying for federal student aid. Such a streamlining would eliminate paperwork, avoid duplication, and maximize limited and already overtaxed administrative resources.

3. Cost of Application for Student Aid

To ensure fairness and equity, the processing of all student aid applications should be free to both students and institutions. Statutory language following the last reauthorization of higher education programs strongly suggests the appropriateness of such a prescription, and the Advisory Committee on Student Financial Assistance has endorsed the concept. The Department of Education should follow this lead and make the free, common application form for federal student aid a reality immediately.

Illinois students are thankful for the efforts of the Illinois Student Assistance Commission in this area, but we believe that it is time for the Congress to speak more clearly on the issue, ensuring that a free form cannot become a reason to increase student costs elsewhere.

B. Bureau-shock

Populations not traditionally able to avail themselves of higher education have frequently experienced difficulty interacting with a large bureaucracy, and this should be addressed by making the system more "user friendly." Families below a threshold income level should simply be exempted from needs analysis. This would represent a strong step in eliminating bureaucratic disincentives for low-income, minority and disadvantaged families to attend postsecondary institutions. We believe that such alternatives should be considered for families with an annual income below $20,000.

C. The Subcommittee On Need Analysis and Delivery Systems (SONADS)

The Advisory Committee on Student Financial Assistance created this subcommittee to review the complex and important areas of needs analysis and delivery systems for federal student financial aid. The key priorities identified by the Subcommittee should be supported, and all higher education constituency groups should work cooperatively toward implementing recommendations fairly. These key priorities include:

1. dramatic simplification of the process for the lowest-income families, such as those receiving Aid to Families with Dependent Children (AFDC), and investigation of increasing the income cap for this simplified needs analysis;

2. thorough examination of the annual reapplication process to identify technological or programmatic means to simplify and streamline this area; and,

3. assurance that simplification will neither harm nor be harmed by state and institutional information requirements connected with campus-based student aid or external social service programs.

D. Independent Student Status

We believe that the current statutory definition of an independent student is unrealistic, and based [illegible] considerations than on analysis of the student popu[illegible]. The independent student status definition should revert to one similar to that used prior to the last higher education reauthorization in [illegible]. This would eliminate the requirement that independent students be at least 24 years of age.

Criteria for professional discretion by campus-level student aid administrators should be defined clearly in order to protect both students and the administrators themselves.

E. Cost of Attendance Calculation

Congress should work to develop a uniform cost of attendance calculation and needs analysis for all Title IV programs, considering education costs which often differ depending on individual students and institutions. This would eliminate much confusion, duplicative paperwork, and conserve resources at every level of the process.

F. Tuition and Fee Costs

Congress should be on record as supporting low tuition and fee costs to encourage access to higher education. The current system, which recognizes the cost of attendance, tends to reward institutions for dramatic increases in tuition and fees. Efforts should be made to limit the impact of these increases.

G. Federal Loan Programs

It is extremely important that Congress reverse the current trend toward more student loans and fewer grants. Currently, the majority of federal student aid funding is in the form of loans. This trend is creating a large debt burden for most students. Congress should encourage minimal student borrowing, and substantially increase support for grant programs, particularly Pell grants.

While the rate of student loan defaults has been relatively constant, the volume of defaults has soared because the volume of student borrowing has soared. As the only entitlement among federal student aid programs, Stafford Loans have become students' only viable means to meet dramatically rising costs of attendance.

Although reestablishing a proper balance between loan and grant aid is the most effective long-term solution to student loan defaults, fair default reduction measures should be considered within reauthorization. In this connection, current methods which tend to distort default figures must be eliminated. Students should be given a fair chance to eliminate default problems with payment schedules reflecting their actual current real-world economic status.

In addition, we oppose:

1. proposals which would require co-signers for all undergraduate

Stafford Loans. Such a requirement could penalize students for the credit history or debt status of parents or other relatives; and,

2. proposals which would increase the rate of interest or reduce the subsidy presently in place for existing loan programs.

We support:

1. continuing loan ineligibility for less than half-time students;

2. creating incentives for employers to repay student loans in behalf of their employees;

3. increasing the annual Stafford Loan maximum to $4,000 for first- and second-year students, $6,000 for third and fourth year students with an undergraduate maximum of $26,000, and increasing the annual graduate maximum to $10,000 with a graduate aggregate maximum of $50,000;

4. simplifying the loan deferment categories to the following three:
   a. an in-school deferment for full- and part-time attendance;
   b. an unemployment deferment for up to two years; and,
   c. a temporary total disability deferment for up to three years.

5. rescinding the current requirement that a half-time student must borrow again in order to obtain a deferment.

H. Self-Help

The past decade has seen proposals by the Reagan Administration, and more recently by President Bush to drastically reduce federal commitment to the existing Perkins (NDSL) program, cementing the needs-testing of the Stafford (GSL) program. Students from middle-income families should be given greater access to subsidized loan and work-study programs. Stafford Loans should resume service to those from middle-income backgrounds, while the Perkins program is retained and fortified as an option for lower-income loan recipients.

Overall, the goal should be to provide fixed-rate, subsidized loans to students unserved or underserved by grants, and who can begin repayment nine months following graduation. Since survey data suggests that most student loan defaulters are either unemployed or underemployed, the Department of Education, campus financial aid officers and other appropriate agencies should pubicize loan deferral options, and simplify the process for obtaining them.

I. Income Contingent Loans (ICL)

The Income Contingent Loan Program places ill-equipped campus-level student aid administrators in the position of risk-rating and collecting from student borrowers, charges market-rate interest, and accrues this interest while borrowers are in school. Further, because those with the lowest incomes make the lowest monthly payments, they also remain in repayment the longest, ultimately accruing the most interest and repaying

the largest sums.

The past decade has seen consistent efforts by the Department of Education to expand this program beyond its "pilot" status. We believe that the experiment has been a failure, and its resources should be redirected to other programs more beneficial to students.

J. Pell Grants

Pell Grants must become an entitlement program. This would increase access to higher education for all those eligible, and reverse the trend of low postsecondary attendance by low income and disadvantaged groups. Full funding of the Pell Grant program by the federal government would represent a strong and badly needed investment in the nation's economy. Our own national experience demonstrates that such an investment will pay for itself in increased revenues, productivity and social stability. Steps toward this goal should begin immediately by making the program an entitlement for first- and second-year students.

K. College Work-Study Program (CWSP)

Students eligible for employment under the College Work-Study Program should continue to be able to use their awards to work in not-for-profit organizations. We believe that such employment is more likely to relate to students' educational program than is employment placing students as groundskeepers or short-order cooks for colleges and universities.

All work-study students should be paid at least the prevailing federal minimum wage, and should be exempt from any training wage. Work-study eligibility awards should reflect the amount of net (rather than gross) federal work-study funds earnable by a recipient. No further decreases should in the federal contribution under this program should take place, and a return to an 80 percent contribution should be considered.

L. TRIO

Talent Search, Educational Opportunity Centers, and Upward Bound are programs which help at-risk students from disadvantaged backgrounds, and they are programs which work. At present, only approximately one in ten students eligible for assistance under these programs actually receives aid. Resources must be increased for these programs which have demonstrated success in improving student retention. Such a priority will help to ensure that students will come from a variety of culturally diverse backgrounds, and that all groups will be well represented in the future economic life of the nation.

M. Support for Graduate Education

The federal government should increase grant aid to graduate students. Graduate student enrollment has declined significantly in recent years, and this trend should be reversed. More women and minorities should be encouraged to seek advanced degrees, particularly in areas where they are historically underrepresented.

Other beneficial steps would be to increase cumulative Stafford Loan limits for graduate students, and lengthen the deferral period for those who must complete internship or training periods. This would help to steady the rising cost of borrowing by reducing students' reliance on more expensive bank loans, and ease the transition into eventually high-paying careers.

N. Veterans Educational Outreach Programs

Although poorly supported, this program has been beneficial to many students. Increased funding would encourage participation by a greater number of institutions with small numbers of participating veteran students.

O. Proprietary Institutions

Profit-making institutions have significantly increased their share of student aid dollars during the past decade, while those available for students in programs at not-for-profit institutions have declined even as enrollments there have increased. Because profit-making institutions offer programs of instruction without regulatory or formal accreditation processes, the potential exists for abuse of both federal aid programs and the education of student recipients.

Efforts must be undertaken to introduce consumer-protection measures to assure program quality and integrity at profit-making institutions, and participation in federal student aid programs should be contingent on these assurances. Absent such measures, aid programs for profit-making institutions should be separated from those for not-for-profit institutions to preserve a fair and equitable distribution of student aid dollars.

P. Community Service

Loan forgiveness and/or deferral for national service should be revived as an encouragement to these areas of endeavor. Undergraduate and graduate students choosing volunteer or community service work should not be discouraged by accumulating larger debts, and those desiring public service careers following graduation should not be prohibited by the need to repay accumulated debts.

While national and community service should be encouraged to benefit both students and society, such service should never be a prerequisite to eligibility for student aid programs. Such a policy would discriminate against those low-income individuals for whom student aid is a necessity.

Q. Promotion of Student Aid

The purpose of federal student aid programs is to improve access to higher education for those otherwise unable to attend. At present, the federal government expends substantial sums to publicize and promote student assistance programs available through the armed forces, and

surveys indicate that such programs rank high among individuals' incentives for enlistment. We strongly encourage the federal government to similarly advertise and promote Title IV student aid programs as additional options for low-income individuals seeking an education.

Facilities - Title VII

Many campuses have critical needs in the area of physical infrastructure, often including maintenance deferred for many years. Levels of funding under Title VII should be increased to meet more of these needs and provide quality buildings and other facilities for institutions and students. Renovations involving health, safety, and physical accessibility should be given priority. The current 10-year time limit between loans to institutions should be cut in half to give institutions with critical space needs the resources they need to respond to student demand.

Teacher Education - Title V

Better funding and coordination are needed for this collection of five, related but disjointed teacher education programs. Currently, the appropriation is about one-third of the authorization for Fiscal Year 1989. Increases here will help primary/secondary teachers and administrators at a time when professional development and training are in great demand. An additional program should be considered to encourage recruitment of minority teachers. We also recommend consideration of directing federal funds to the states for programs to encourage post-baccalaureate students to teach in at-risk schools with loan repayment as an incentive.

Fund for the Improvement of Post-Secondary Education (FIPSE)

Continuing and carefully targeted study of the performance of higher education is an important function, and should be encouraged through agencies like FIPSE. We encourage continued development of FIPSE and greater funding support for grants to study important issues in postsecondary education. Congress and the Department of Education should involve students in decision-making at all levels of the grant process, and encourage student organizations to develop proposals for funding by FIPSE.

Outreach Efforts

Outreach efforts and early intervention programs must be developed to improve retention of students even before high school. Only this way can a diverse postsecondary population and ultimate national workforce be properly prepared in the next century. In creating such programs, we believe Congress should encourage the following:

A. the creation of incentives to train and educate a diverse workforce through grants to education agencies and institutions;

B. increasing the number of qualified teachers through scholarships and loan forgiveness with funding directed to minority and low-income students and institutions;

C. utilizing the talents of college and university students when helping at-risk students; and,

D. developing funding for academic partnership programs between postsecondary and primary/secondary institutions.

IV.
Rethinking the Federal Role

We have recommended above what we consider to be the appropriate band-aids for the present structure of programs contained in the Higher Education Act of 1965, and comprising the present federal role in higher education. We believe, however, that the time has truly come for something far more fundamental. We offer the following points for your consideration:

1. During the late nineteenth century, the United States set an international public educational standard by establishing primary and secondary education as basic levels of state funded attainment for all citizens. Resulting high literacy and fundamental skills levels in the US population during the early part of the twentieth century are important factors in accounting for the United States' position of world economic leadership through the 1970s.

2. Today, the world economic position of the United States continues to deteriorate at the same time that business and industry complains of an inadequately educated labor force. Many of their labor force educational requirements for the current decade include skills for which at least some postsecondary education is needed, and predictions are that an increasing proportion of jobs will require increasing levels of educational attainment as the US economy evolves in the next century.

3. Nearly all of the United States' significant economic competitors at the international level have acted to assure that higher education is offered at no cost to their citizens.

4. As the proportion of the US population possessing Baccalaureate degrees today approaches that proportion possessing high school diplomas during the early part of this century, it becomes clearer that 4-year college graduates are fast coming to occupy the same educational, economic and social position formerly held by those graduating high school.

5. During the last twenty years, US demographic sectors growing the fastest (particularly minority populations) have been those exhibiting the lowest admission and completion rates at all educational levels, the lowest probability of seeking advanced or professional degrees, and the lowest eventual educational attainment. Scholars predict that the results of

the current condition will already be crises not only in labor force preparedness, but in public assistance and maintenance programs.

6. The cost of attendance at postsecondary educational institutions in the United States has grown geometrically since the beginning of this century, and has accelerated substantially during the last decade. Projections have indicated that these costs will continue to accelerate, outstripping both inflation and growth in *per capita* income.

7. Postsecondary students and their families have experienced increasing stress in financing attendance at institutions of higher education. Because support for Federal grant assistance to students has fallen seriously behind what would have been necessary to maintain current services at the beginning of the last decade, increasing numbers of students from low income backgrounds have become dependent on loan and work programs to finance needs. Greater loan volume and lower recipient median income levels have meant larger numbers of dollars in default.

8. As postsecondary educational costs have grown, many states have attempted to retreat from erstwhile levels of support both for institutions and for state level student aid programs. A number have sought to bring about state sponsored educational investment or loan programs as a long term answer to financing attendance. Though tax exempt investment instruments have been popular items in the bond market, their purchasers have often been large corporate or financial investors rather than families with small children. There is considerable doubt as to whether significant numbers of modern young families will be financially capable to make such investments while also attempting to purchase automobiles and homes, provide for the needs of small children, and pay off their own student loans.

9. The existing federal role in higher education, and programs designed to express that role, have been based partly on the assumption by policymakers that the inability of students and their families to finance the costs of higher education is and will be the exceptional case. Thus, federal higher education programs attempt to fill gaps for particular types and classes of students, and to distribute federal funding to those persons in the areas and amounts which seem to be required. As educational costs continue to rise, this assumption becomes increasingly untenable. Inability to fully finance higher education costs is no longer at all remarkable. In fact, those able to do so are fast becoming the exceptional cases.

10. The number and complexity of federal programs designed and added by amendment to the Higher Education Act since 1965 have resulted in a sizable bureaucracy whose purpose it is to monitor and administer the allocation of increasingly inadequate support. Resources consumed by such a bureaucracy would be more usefully devoted to support of a federal role requiring less attention to regulation, needs testing, and adjustment of eligibilities.

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V.
Conclusion

It is almost unbearably trite to state that we stand at a crossroads, but nevertheless, we do. More than a century ago, the nation long debated and eventually decided that for the sake of productivity, for the sake of society, and for the sake of the democratic experiment, all should have access to an education through the 12th grade. It was a bold move and an expensive undertaking, but one which assured the nation's economic and social ascendancy to the middle of this century, and contributed much to our national health, wealth, and prosperity.

Today we live with the reality that a baccalaureate degree means approximately the same thing to the bearer in economic and educational terms that a high school diploma did fifty or even thirty years ago. We live also with the reality that a number of other nations are fast catching and even surpassing our own in many areas of economic activity, many of which are education-intensive. Finally, we know that the methods we have thus far chosen to provide access to higher education have become stopgaps which attempt to allocate inadequate resources over an increasing area, and create large debts by attempting to leverage private capital to compensate for the difference.

We believe that the enduring economic and social health of our nation demands a fundamental change in our entire approach to higher education, and a fundamental recognition that higher educational attainment is a basic requirement for the economic and social health of both individual citizens and the nation as a whole.

We cannot be too long at this crossroads. Finding the political will and the economic wherewithal to finally and authentically address the need for universal access to higher education will be difficult, to be sure, but it must be done, and soon. It must be done for the sake of productivity, for the sake of society, and for the sake of the democratic experiment.

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Illinois Public University Students
Comparison of Average Student Tuition and Fees and Total Costs
With Average Federal Student Aid
By Program and Sector
Fiscal Years 1975-1989

Fiscal Year	Tuition and Fees	Average Pell	Pell %	Total Cost*	Pell %	Pell Unmet Need	Weighted Average Loan**
1975	$ 606	$ 628	103.6%	$2,537	24.8%	$1,909	$ 968
1976	614	831	135.3	2,703	30.7	1,872	998
1977	624	811	130.0	2,794	29.0	1,983	1,031
1978	728	844	115.9	2,963	28.5	2,119	1,157
1979	757	852	112.5	3,234	26.3	2,382	1,286
1980	828	926	111.8	3,449	26.8	2,523	1,570
1981	901	894	99.2	3,878	23.1	2,984	1,926
1982	1,017	901	88.6	4,314	20.9	3,413	2,037
1983	1,156	973	84.2	4,253	22.9	3,280	1,811
1984	1,334	1,063	79.7	4,576	23.2	3,513	1,903
1985	1,503	1,198	79.7	4,857	24.7	3,659	1,841
1986	1,615	1,354	83.8	5,084	26.6	3,730	1,819
1987	1,710	1,403	82.0	5,277	26.6	3,874	1,712
1988	1,787	1,368	76.6	5,417	25.3	4,049	1,837
1989	2,222	1,465	65.9	5,929	24.7	4,464	1,836
Cumulative Change							
$	$1,616	$ 837	--	$3,392	--	$2,555	$ 868
%	267%	133%	-36%	134%	0%	134%	90%

Sources: Tuition and student cost data taken from Illinois Student Assistance Commission, Data Book: 1990, Table 2.2a, p.12.

Pell Grant data taken from Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, All Institutions, March, 1990, Table 42, pp.103-104.

Student Loan data taken from Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, All Institutions, March, 1990, Table 43, pp.105-106.

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* "Total Student Cost" is estimated by the Illinois Student Assistance Commission (ISAC) using data for tuition and fees, an ISAC determined personal allowance, and room and board or an ISAC determined commuter allowance.

** weighted using annual number of recipients per Federal or Federally-guaranteed loan program.

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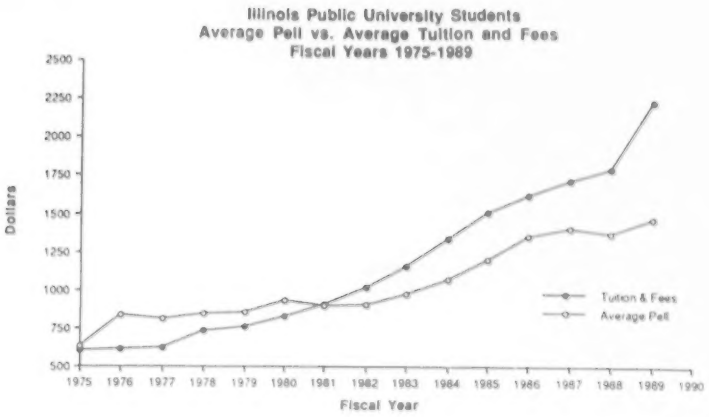
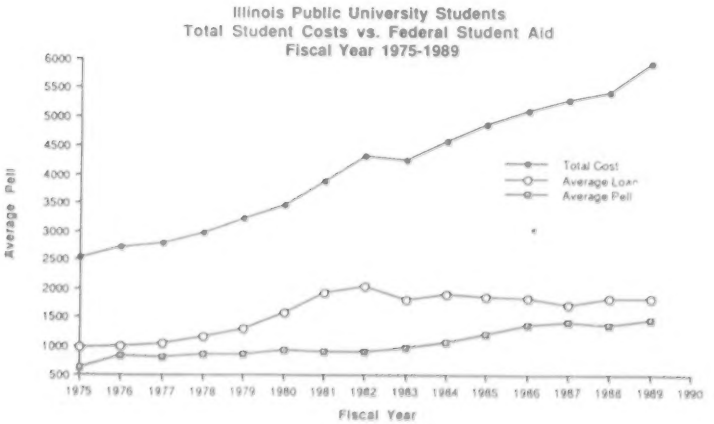

Illinois Public University Students
Average Pell vs. Average Tuition and Fees
Fiscal Years 1975-1989
Dollars
2500
2250
2000
1750
1500
1250
1000
750
500
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
Fiscal Year
Tuition & Fees
Average Pell


Illinois Public University Students
Total Student Costs vs. Federal Student Aid
Fiscal Year 1975-1989
Average Pell
6000
5500
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
Fiscal Year
Total Cost
Average Loan
Average Pell

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Illinois Private University Students
Comparison of Average Student Tuition and Fees and Total Costs
with Average Federal Student Aid
By Program and Sector
Fiscal Years 1975-1989

Fiscal Year	Tuition and Fees	Average Pell	Pell %	Total Cost*	Pell %	Pell Unmet Need	Weighted Average Loan**
1975	$2,318	$ 669	28.9%	$ 4,376	15.3%	$ 3,707	$ 891
1976	2,519	947	37.6	4,723	20.1	3,776	918
1977	2,700	988	36.6	5,034	19.6	4,046	965
1978	2,883	942	32.7	5,316	17.7	4,374	1,014
1979	3,247	993	30.7	5,965	16.7	4,968	1,147
1980	3,445	1,059	30.7	6,459	16.4	5,400	1,411
1981	3,824	1,053	27.5	7,201	14.6	6,148	980
1982	4,170	1,032	24.7	7,764	13.3	6,732	1,772
1983	4,765	1,107	23.2	8,170	13.5	7,063	1,778
1984	5,174	1,145	22.1	9,018	12.7	7,873	1,909
1985	5,638	1,196	21.2	9,616	12.4	8,420	1,904
1986	6,142	1,329	21.6	10,283	12.9	8,954	1,925
1987	6,653	1,331	20.0	10,952	12.2	9,621	1,865
1988	6,987	1,346	19.3	11,408	11.8	10,062	2,074
1989	7,551	1,374	18.2	12,093	11.4	10,719	2,057
Cumulative Change							
$	$5,233	$ 705	--	$ 7,717	--	$ 7,012	$1,166
%	226%	105%	-37%	176%	-26%	189%	131%

Sources: Tuition and student cost data taken from Illinois Student Assistance Commission, Data Book: 1990, Table 2.2a, p.12.

Pell Grant data taken from Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, All Institutions, March, 1990, Table 53, pp.129-130.

Student Loan data taken from Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, All Institutions, March, 1990, Table 54, pp.131-132.

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* "Total Student Cost" is estimated by the Illinois Student Assistance Commission (ISAC) using data for tuition and fees, an ISAC determined personal allowance, and room and board or an ISAC determined commuter allowance.

** weighted using annual number of recipients per Federal or Federally-guaranteed loan program.

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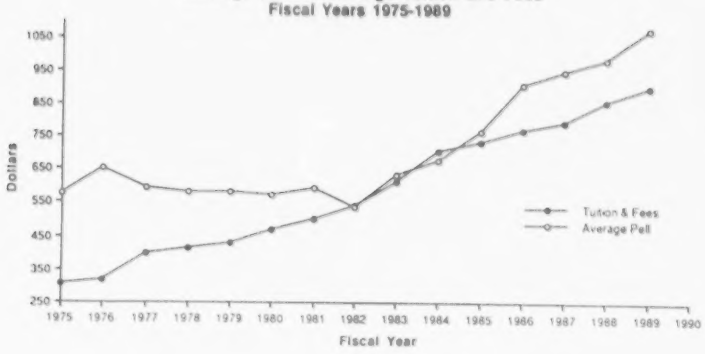
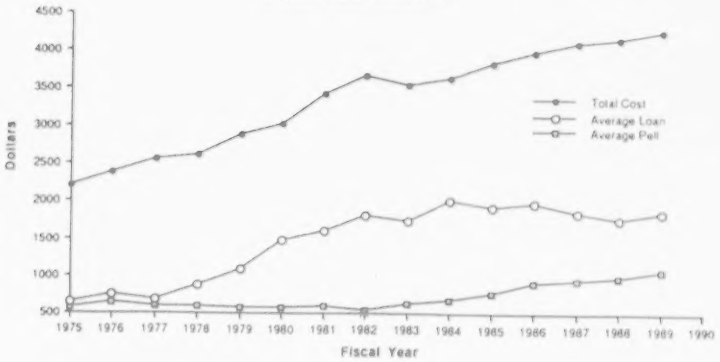
Illinois Public Community College Students
Average Pell vs. Average Tuition and Fees
Fiscal Years 1975-1989



Illinois Public Community College Students
Total Student Costs vs. Federal Student Aid
Fiscal Years 1975-1989



ISA

Illinois Public Community College Students
Comparison of Average Student Tuition and Fees and Total Costs
With Average Federal Student Aid
By Program and Sector
Fiscal Years 1975-1989

Fiscal Year	Tuition and Fees	Average Pell	Pell %	Total Cost*	Pell %	Pell Unmet Need	Weighted Average Loan**
1975	$306	$ 575	187.9%	$2,206	26.1%	$1,631	$ 649
1976	318	650	204.4	2,368	27.4	1,718	741
1977	397	593	149.4	2,547	23.3	1,954	679
1978	412	581	141.0	2,612	22.2	2,031	877
1979	428	579	135.3	2,878	20.1	2,299	1,090
1980	469	571	121.7	3,019	18.9	2,448	1,480
1981	501	592	118.2	3,426	17.3	2,834	1,591
1982	539	535	99.3	3,664	14.6	3,129	1,804
1983	612	632	103.3	3,537	17.9	2,905	1,744
1984	704	675	95.9	3,629	18.6	2,954	2,000
1985	732	761	104.0	3,832	19.9	3,071	1,922
1986	766	906	118.3	3,966	22.8	3,060	1,971
1987	791	944	119.3	4,091	23.1	3,147	1,839
1988	853	981	115.0	4,153	23.6	3,172	1,748
1989	896	1,073	119.8	4,246	25.3	3,173	1,851
Cumulative Change							
$	$590	$ 498	--	$2,040	--	$1,542	$1,202
%	193%	87%	-36%	92%	-3%	95%	185%

Sources: Tuition and student cost data taken from Illinois Student Assistance Commission, Data Book: 1990, Table 2.2a, p.12.

Pell Grant data taken from Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, All Institutions, March, 1990, Table 49, pp.119-120.

Student Loan data taken from Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, All Institutions, March, 1990, Table 50, pp.121-122.

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* "Total Student Cost" is estimated by the Illinois Student Assistance Commission (ISAC) using data for tuition and fees, an ISAC determined personal allowance, and room and board or an ISAC determined commuter allowance.

** weighted using annual number of recipients per Federal or Federally-guaranteed loan program.

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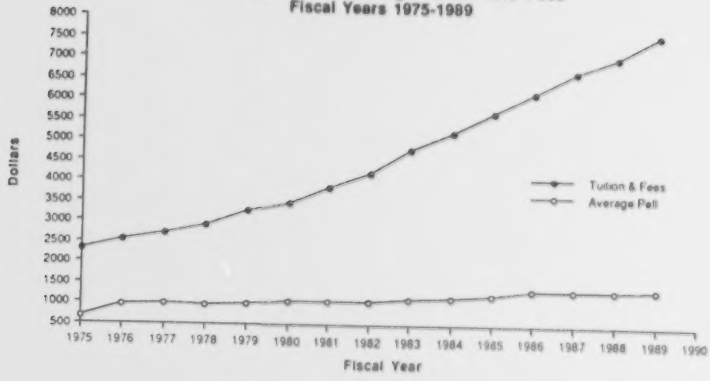
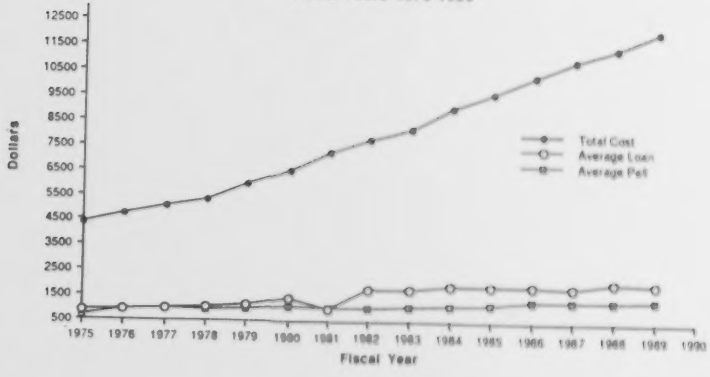
Illinois Private University Students
Average Pell vs. Average Tuition and Fees
Fiscal Years 1975-1989



Illinois Private University Students
Total Student Costs vs. Federal Student Aid
Fiscal Years 1975-1989



ISA

Illinois Public Universities
Trends in Federal and Federally Guaranteed Student Loan Programs
By Program, Fiscal Years 1975 - 1989

Fiscal Year	NDSL $	NDSL #	Other Federal $	Other Federal #	IGLP $	IGLP #	Total Loans	Weighted Average
1975	$ 645	9,202	$ 855	384	$1,269	10,031	19,617	$ 968
1976	728	9,729	1,035	278	1,256	10,148	20,155	998
1977	683	8,898	967	259	1,355	9,623	18,780	1,031
1978	695	8,512	1,230	231	1,505	11,271	20,014	1,157
1979	658	7,955	937	245	1,637	14,492	22,692	1,286
1980	651	6,875	1,198	230	1,807	26,981	34,086	1,570
1981	715	7,357	1,399	264	2,127	44,905	52,526	1,926
1982	707	6,827	1,423	195	2,223	49,395	56,417	2,037
1983	732	7,644	1,489	197	2,035	37,194	45,035	1,811
1984	755	8,705	1,620	103	2,170	37,588	46,396	1,903
1985	678	8,398	2,009	140	2,071	42,276	50,814	1,841
1986	745	8,990	2,440	30	2,054	41,103	50,123	1,819
1987	776	8,947	1,604	28	1,952	34,975	43,950	1,712
1988	939	8,056	1,735	45	2,074	30,587	38,688	1,837
1989	1,053	7,373	1,910	62	2,030	29,735	37,170	1,836
Cumulative Change								
$/#	$ 408	-1,829	$1,055	-322	$ 761	19,704	17,553	$ 868
%	63%	-20%	123%	-84%	60%	196%	89%	90%

Source: Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey. March, 1990. Table 43. pp.105-106.

ISA

Illinois Public Community Colleges
Trends in Federal and Federally Guaranteed Student Loan Programs
By Program, Fiscal Years 1975 - 1989

Fiscal Year	NDSL $	NDSL #	Other Federal $	Other Federal #	IGLP $	IGLP #	Total Loans	Weighted Average
1975	$ 488	2,773	$ 739	408	$ 949	1,363	4,544	$ 649
1976	563	2,410	750	374	1,017	1,535	4,319	741
1977	499	2,417	660	519	968	1,536	4,472	679
1978	643	1,272	475	622	1,175	1,839	3,733	877
1979	675	964	807	339	1,299	2,381	3,684	1,090
1980	744	732	946	274	1,623	4,808	5,814	1,480
1981	780	765	914	288	1,663	11,263	12,316	1,591
1982	700	621	912	234	1,870	13,633	14,488	1,804
1983	590	562	811	176	1,806	12,676	13,394	1,744
1984	648	577	1,248	50	2,047	17,284	17,911	2,000
1985	728	597	908	61	1,960	20,464	21,122	1,922
1986	750	524	1,776	39	2,004	19,722	20,285	1,971
1987	859	413	928	15	1,867	14,794	15,222	1,839
1988	1,157	338	0	0	1,765	11,986	12,324	1,748
1989	1,294	362	1,140	14	1,869	11,890	12,266	1,851
Cumulative Change								
$/#	$ 806	-2,411	$ 401	-394	$ 920	10,527	7,722	$1,202
%	165%	-87%	54%	-97%	97%	772%	170%	185%

Source: Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey. March, 1990. Table 50. pp. 121-122.

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Illinois Private Universities
Trends in Federal and Federally Guaranteed Student Loan Programs
By Program, Fiscal Years 1975 - 1989

Fiscal Year	NDSL $	NDSL #	Other Federal $	Other Federal #	IGLP $	IGLP #	Total Loans	Weighted Average
1975	$ 740	11,564	$ 924	631	$1,289	4,319	16,514	$ 891
1976	757	13,924	890	1,043	1,341	5,361	20,328	918
1977	798	13,567	969	988	1,345	5,929	20,484	965
1978	796	15,217	986	2,147	1,575	5,992	23,256	1,014
1979	816	14,517	977	1,092	1,750	8,257	23,866	1,147
1980	797	13,530	864	770	1,917	17,237	31,537	1,411
1981	848	13,745	986	662	1,059	22,699	37,106	980
1982	892	11,898	960	346	2,176	26,583	38,827	1,772
1983	915	10,114	1,438	460	2,130	25,271	35,845	1,778
1984	959	11,197	2,382	270	2,314	25,935	37,402	1,909
1985	970	11,304	1,399	264	2,264	29,741	41,309	1,904
1986	1,010	10,768	1,845	164	2,255	29,936	40,868	1,925
1987	1,058	11,172	1,901	224	2,180	28,622	40,018	1,865
1988	1,243	10,236	2,257	437	2,438	23,193	33,866	2,074
1989	1,191	12,505	1,973	875	2,453	27,490	40,870	2,057
Cumulative Change $/#	$ 451	941	$1,049	244	$1,164	23,171	24,356	$1,166
%	61%	8%	114%	39%	90%	536%	147%	131%

Source: Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, March, 1990, Table 54, pp. 131-132

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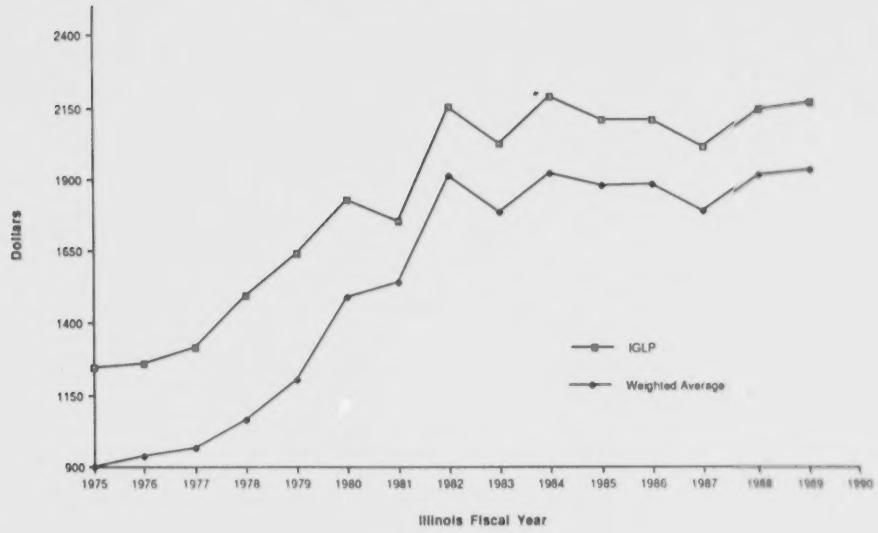
Trends in Federal and Federally Guaranteed Student Loan Programs
Statewide Weighted Averages By Program
Fiscal Years 1975 - 1989

Fiscal Year	NDSL $	NDSL #	Other Federal $	Other Federal #	IGLP $	IGLP #	Total Loans	Weighted Average
1975	$ 673	21,539	$ 852	1,423	$1,247	15,713	40,675	$ 901
1976	728	26,063	883	1,695	1,261	17,044	44,802	937
1977	728	24,882	878	1,766	1,317	17,088	43,736	964
1978	754	24,901	899	3,000	1,495	19,102	47,003	1,064
1979	757	23,436	937	1,676	1,642	25,130	50,242	1,206
1980	748	21,137	942	1,274	1,828	49,026	71,437	1,492
1981	801	21,867	1,059	1,214	1,753	78,867	101,948	1,541
1982	821	19,346	1,062	775	2,155	89,611	109,732	1,912
1983	829	18,300	1,318	833	2,028	75,141	94,274	1,789
1984	864	20,479	2,062	423	2,190	80,807	101,709	1,922
1985	842	20,299	1,518	465	2,109	92,481	113,245	1,879
1986	886	20,282	1,910	233	2,109	90,761	111,276	1,886
1987	931	20,532	1,815	267	2,019	76,391	99,190	1,793
1988	1,110	18,630	2,208	482	2,146	65,766	84,878	1,919
1989	1,143	20,240	1,957	951	2,171	69,115	90,306	1,938
Cumulative Change $/#	$ 469	-3,299	$1,104	-472	$ 924	53,402	49,631	$1,037
%	70%	-14%	130%	-33%	74%	340%	122%	115%

Source: Illinois Board of Higher Education, Report on the Fiscal Year 1989 Illinois Student Financial Aid Survey, March, 1990, Table 43, pp. 105-106, Table 50, pp. 121-122, Table 54, pp. 131-132.

ISA

Illinois Students
Average Annual Loan Amounts
Illinois Guaranteed Loan Program and Total



Senator SIMON. OK, I thank all three of you for your testimony.

Let me ask a very fundamental question to all three of you, because you referred to making the Pell Grant an entitlement. We passed a budget bill last year that I opposed because it now takes a 60 percent vote to take defense dollars and transfer them to education or health care or anything else. And Senator Bradley and I are cosponsoring legislation to bring that back down to 50 percent, but I'm not optimistic. But another aspect of the budget agreement is something that I frankly think does make sense. It says if you are going to create an entitlement, you have to create the revenue to pay for it.

One of the possibilities, and just one of the possibilities, would be an oil import fee of $5.

Interestingly, yesterday a retired vice president of Gulf Oil had an item in the New York Times about the need to increase taxes on oil for conservation purposes, nothing to do with higher education or anything like that. But if we were to have a $5.00 import fee, it would bring in 9.5 billion dollars, a very substantial amount of money. And we could do things that would be exciting. But I don't need to outline for you, it would be a fight to get something like that enacted.

We could make a giant step forward in this Nation. And I'm not suggesting that that's what we might move on, but one of the fundamental questions is: Is there going to be support, not just for the dollars, but for backing up the dollars with revenue? If I may address this to all three of you, and Dr. Ikenberry as the senior—I hope you don't mind me referring to you as the senior member of this trio here.

Mr. IKENBERRY. When I look to my left it's rather painfully obvious. It gets worse as it goes down.

I wish I had some special wisdom to lend to the dilemma that you outline. I think that the notion of making student aid an entitlement, as David outlined in his testimony, is certainly an attractive one to everyone. The possibility of earmarking an increase, for example, in the oil import fees or some other revenue stream to pay for that is obviously also a feasible and an attractive solution. I think the practical problems relate, as you also imply in your comments, to the political difficulty of getting this done during a period in which our Federal budget deficit continues to be a very major constraining force. It is for that reason, I suppose, recognizing that tension, that I alluded in my testimony to other means that might provide the assurance, the practical assurance that students need that they won't be cut off midstream but stopping short of attempting to secure the entitlement provision for precisely the reasons that you outlined. But I have no—beyond that, recognizing the difficulty of the issue you raise, I have no real answer to it.

Senator SIMON. I guess the question, my question is, will the higher education community go to bat for a revenue source if there is some coalescing around a revenue source for an entitlement?

Mr. IKENBERRY. I would suspect that the answer to that is likely to be the affirmative. I think the question that would follow that is will we—would we prevail and, of course, that would——

Senator SIMON. No one knows the answer to that.

Mr. IKENBERRY. It would be an issue which your judgment would be much better than ours.

Senator SIMON. Mr. Israel.

Mr. ISRAEL. I would agree with Dr. Ikenberry. I think this country needs to start focusing in on education. You know, we are entering the next millennium, and again I would like to see a resurgence, and I think all of us talked about it, and a focus for this country on education. I don't see it as much as I would like to see it.

I think that the community and people would be willing to pay additional revenue sources if they could be assured that indeed the money is going to be used in a good manner and accountability. And all of the colleges of higher education are getting more accountable to the public and looking at outcome based education at least at the community college level.

Again I would restate what I said in my testimony that this country rallied around Desert Storm. Let's rally around an educational storm. Let's have a storm in this country on education. If we didn't build one nuclear sub we would have an enormous amount of money and capability for students as far as grants and entitlement. Just one nuclear sub could solve some of our problems in higher education.

Senator SIMON. That is correct. The difficulty is under the present budget it takes sixty votes to cancel that nuclear sub and shift the money to education, and that means it's practically impossible.

Mr. ISRAEL. I know. Except for we get enough community people to start talking about reprioritizing what's important for America in order for us to be competitive in a world marketplace.

Senator SIMON. Yeah, and if I could just use your example, during the cold war, if you look at Korea and Vietnam, we spent an average of $235 billion on defense in 1991 dollars. This year we are spending 298 billion, plus the cost of Desert Storm. The cold war is over. You know, we have to, I think, re-examine where we are going.

David Starrett, would your students association get in and back——

Mr. STARRETT. Would we go to bat for a revenue source? Yes, sir, absolutely. This is something that's important. This is an investment for this Nation. This Nation makes back more money, makes a profit in strict economic terms just on tax receipts alone when it gives us Pell Grants to students.

We need to remember that and we need to remember that education is investments, that it pays off, not immediately but it pays off. It pays off richly in many, many different ways. It pays off culturally as well as economically. It is well worth it.

Frankly, Senator, I think that gasoline is too cheap in this country. I think that in Europe a gallon of gasoline costs a great deal more, and it is time that for a variety of reasons, economically—for ecological as well as economic reasons it's time that we began getting a better handle on what we are doing with imported oil.

Senator SIMON. All right.

Dr. Ikenberry, first I noticed in this whole question of the Federal Government getting involved in the loan business, you kind of

put your toe in the water but you were very cautious and that's kind of where I am. I remember when we had a hard time getting banks involved and I do think there is a possibility we can save some money and use it more constructively, but I also don't want to do something that is going to cause major problems. And the old line if—what is it? If it works don't fix it? I'm mauling that line in some way, but I can't remember exactly how, but I look forward to further imput from your colleagues in this field. I think we have to proceed with some caution in this area.

Mr. IKENBERRY. My sense is that a toe in the water approach to this issue is not a bad approach. I do think, however, that we ought to put the toe in the water and we ought to move affirmatively on some of these areas to see what we can learn by that, not in such a way that would cause collateral damage, if you will, either to the lending institutions to reduce their enthusiasm to participate, or certainly to do anything that would exacerbate the collection problems or administrative overhead problems or the like. But I think that on a targeted basis for institutions that unquestionably have the capability to manage these, that there is the opportunity, I think, to use our dollars more efficiently, to streamline the process. And to the extent that's possible, I would hope that the legislation would provide for that.

Senator SIMON. The international aspect is something that I think is extremely important and I would just like to underscore your statement that fewer than one percent of our students study abroad. I think the declining percentages are now 2 or 3 years old, that's a figure I saw, but it was a declining percentage of faculty members are teaching and studying abroad, and that simply can't be good news for this Nation or for building the world stability.

If I may shift to something that's not on the agenda here, but since you are here and the administration has said to one of the major accrediting agencies of the Nation, you can no longer require diversity as one of the criteria for credit. It stunned some of us who have been following this field because the Federal Government was authorized to get into monitoring accrediting agencies simply to make sure that we were getting quality education. We were particularly concerned about some proprietary schools. In all the discussions on defaults, the problem has been the Federal Government's failure to move a little more vigorously. I don't think anyone ever conceived that they might all of a sudden say to a major accrediting agency, you can't consider diversity as part of what you require.

Any reflections on your part in what is happening?

Mr. IKENBERRY. Well, I had an opportunity to meet with Secretary Lamar Alexander last week in an ACE board meeting in which we discussed this issue very briefly and I gather he has the—continues to have this issue under study. I think part of the confusion relates to a failure to distinguish between affirmative action equal employment as a matter of law on the one hand and Federal rule and regulation on one hand and equal employment diversity, a pluralistic education environment as a matter of educational philosophy and academic policy.

I think the accreditation aspect of this does not relate to the law and that's the responsibility of government. The accreditation issue

relates to educational philosophy and policy in terms of creating the kind of diverse pluralistic environment the students need in order to become educated, to live and work and lead in a pluralistic society.

So my own reaction also is one of surprise and I'm hopeful that this issue will be resolved as well as the confusion that was brought about prior to Secretary Alexander's arrival in regard to student aid, institutional student aid earmarked for exactly the same purpose, that is to continue to make our campuses more accessible and more hospitable to students of different races and different backgrounds.

Senator SIMON. And if I could just add, isn't it an understandable consideration on the part of say, North Central or Middle States, that they look at your efforts to achieve diversity in a student population? If the University of Illinois were all—just say all white and all male, I don't think you would be doing the job that you ought to be doing for the students there.

Mr. IKENBERRY. That's exactly right. So far as I know, there is some dimension of pluralism that is embedded in the criteria of each of the regional crediting associations, so I think that the ruling of the Department of Education that that is flat out improper would have profound impact on our accrediting agencies across the country. That isn't to say that in any particular instance I think the application of accreditation rules and regulations and policies in any particular instance can run aground.

Senator SIMON. Sure.

Mr. IKENBERRY. So that that has nothing to do with the accreditation of a particular institution but has a great deal to do with the ability of a voluntary accrediting system in our country to establish our own sense of what will be the appropriate academic criteria against which institutions will be measured. And I hope that the issue will be resolved in such a way that would clarify and reaffirm the act of our accrediting agencies to do that.

Senator SIMON. Mr. Israel, one of the things you mentioned is the assistant secretary for community colleges. I certainly want the Department of Education to be more sensitive to the community colleges. I am candidly a little reluctant to start saying we want an assistant secretary of community colleges, because then the independent sectors will say we want an assistant secretary there and the proprietary schools will say the same. If there is something that your group can think of that is short of an assistant secretaryship, I think that would be a desirable thing. And I don't know that I'm speaking for my colleagues on the subcommittee. But my guess is their reaction would be pretty much the same as mine.

Let me touch on one aspect of the community college situation that does concern me and I say this because, you are brand-new in Illinois. Way back when I was in the State legislature, I was one of the sponsors of the bill creating the community college system here in Illinois, and I am a strong backer of the community college system. But one of the things I've talked to Dale Parnell in Washington and others about is how we create more of an international dimension at community colleges. It is not easy, you are ordinarily not residential schools.

It is interesting that President Ikenberry mentioned a Japanese student who went to Parkland and then on to the University of Illinois. But as I visit community colleges and talk to administrators at community colleges, this is an aspect that does concern me and maybe there is some way we can address this in this reauthorization.

Do you have any reflections in this area?

Mr. ISRAEL. Sure, I think that Illinois can look to the universities for some leadership in this. I recently as you know came from Colorado. I was a president of Front Range Community College. We had sister college agreements and visitation from Takiyama College in Difu, Japan, the Community College of Juarez in Mexico and on and on. We had sister arrangements in London, England, and so forth.

I think one of the ways the community colleges in Illinois and that we will be glad to look at is to arrange, and some of them are doing that right now, arrange some type of a sister college relationship where there could be brief visitation by the respective colleges for the ten or twelve days, but that the college, through curricular innovation and so forth, immersed themselves in the different cultures and business practices and so forth.

As you are aware, we are training a lot of the people in the business field for associate degree technicians and they are going to have to know about those different cultures, the different habits and so forth.

One vehicle would be to establish some sister colleges with the technical colleges throughout the country and Dale Parnel and myself recently, about 8 months ago, went to England to help them structure some of their technical colleges and I think that will be of benefit to the community colleges of Illinois. And we will take your advice on it and I think it's real important for our community colleges, again for our students who have the brief time period with our colleges, to have an exposure and an appreciation of the different cultures, languages and customs and business practices that they will need in order to be competitive in the workplace, so I appreciate your comments.

Senator SIMON. Yes, and if you might reflect, you know, you may be brainstorming with some of the community college presidents and see if maybe there is something we can do——

Mr. ISRAEL. Sure.

Senator SIMON [continuing]. That will encourage, for example, that kind of sister college relationship, which strikes me as a very constructive move in that direction.

Dave Starrett, your final comment about the need to make assistance more available in college, more available to everyone. I can remember when we took the big leap forward in the student loan program and the argument was made, why should we help the son of a millionaire go to college?

I happen to be a history buff. Going back when we first started shifting from grade school to high school, the same arguments were used, why should we help the children of millionaires go to high school?

Well, the reality is we really don't need to worry that much about the millionaires. They are going to make out all right for

themselves, but it's all the others, and we really have to make college more accessible. And when you look at, for example, declining percentages of high school graduates who are black and Hispanics going onto college, you know, that just cannot be good news for the country.

I appreciate your comments there and I also appreciate the list of specifics that you provided us and we will go over the whole list as we put that bill together.

I thank all three of you for your testimony. Thank you.

Mr. IKENBERRY. Thank you, Senator.

Mr. STARRETT. Thank you.

Mr. ISRAEL. Thank you.

Senator SIMON. My staff advises me the saying is that if it ain't broke, don't fix it.

On our next panel is Clarence Parks, who is a student at Knox College, Larry Matejka, executive director of the Illinois Student Assistance Commission, Pamela Britton, the director of Financial Aid at Southern Illinois University, Carbondale, and Greg Slayton, who is the vice president of the Woodford County Bank in El Paso.

We are pleased to have all of you here and Clarence Parks, we will start with you.

Mr. PARKS. OK.

Senator SIMON. And as I understand, I guess she has disappeared, but someone is going to be holding up a one-minute sign when we get close to 5 minutes.

Oh, Merci is right over there and she will hand it to them. OK. My staff advises me we are getting behind the schedule here.

STATEMENTS OF CLARENCE PARKS, STUDENT, KNOX COLLEGE, GALESBURG, IL; LARRY E. MATEJKA, EXECUTIVE DIRECTOR, ILLINOIS STUDENT ASSISTANCE COMMISSION; PAMELA A. BRITTON, DIRECTOR OF FINANCIAL AID, SOUTHERN ILLINOIS UNIVERSITY AT CARBONDALE; AND GREG SLAYTON, VICE PRESIDENT, WOODFORD COUNTY BANK, EL PASO, IL

Mr. PARKS. OK, first of all, I would like to thank you, Senator Simon, and the members of the committee for this honor of testifying. I am going to read to you my testimony. I am finishing up my junior year at Knox College in Galesburg IL. I am from the City of Chicago, southwest side to be specific. I was valadictorian of my elementary school class at Walter Reed Grade School and I graduated from Lindbloom Technical High School where I was a member of the national honor society. I have two brothers and two sisters and my mother is a single parent, divorced when I was 7.

My financial aid—well, financial aid has made it possible for three of us to go to college. My mother has worked to support our family but without financial aid it would have been too big of a burden to put all of us through a school and pay the regular bills.

During my sophomore year in high school I became involved in the Champs Program. Champs stands for the Chicago Area Health and Medical Profession and I am entering programs designed to track students through high school and prepare them for the future by exposing them to their field of interest, in my case medicine.

My goal was to go to college but I was concerned about where to go and how to pay for it. During my senior year I met the admissions counselor from Knox College and received a lot of college's publications. I was especially interested in the pre-med program at Knox. Before I received any aid I figured it would be too tough to pay for 4 years of college plus medical school. But my financial aid package from Knox was very good and I decided to come.

I am majoring in biochemistry and plan to attend medical school with an ultimate goal of a career in public health.

Besides my classes, I have been involved in a number of activities, some of which are strictly extracurricular and others that are geared toward my professional interest. I have been an officer and member of the black student union, a member of the student senate, a representative to several faculties and a music director at the college radio station. I am also the senior member of the Student Health Committee and this year I am a short distance runner on the track team.

I think I am able to handle my course load and still make a contribution to the campus through these organizations. None of this would have been possible without financial aid. My mother is no longer employed. For this school year my college costs, including books, were a little over $16,000. I received about $13,000 in grant aid, including the maximum Pell Grant, $2,300, the maximum Illinois State Grant of $3,500, and a supplemental Educational Opportunity Grant of $600, as well as Knox gift aid. In addition, I have a college works study award that allows me to earn money at a campus job and I have a staff loan. By the time I graduate, I expect to have borrowed $6,000 to $7,000 with the prospect of more loans for medical school.

Financial aid and loans don't pay for all of my expenses however. I still work over the summer and during breaks. I have worked in clothing and computer stores and last summer I worked in the Veterans Administration Hospital, a job provided by Champs.

One of the problems that I have with the Federal financial aid performance is that I am expected to save my summer earnings to pay for college. Since my family can't give me financial help, most of my income is spent on living expenses during the summer, and therefore my available resources for the student contribution is lessened.

All in all if it weren't for financial aid, I wouldn't have been able to attend college and realize my aspiration. I am very grateful for the assistance provided by Knox College, State of Illinois and especially the Federal Government. I appreciate what Senator Simon and the United States Congress have done by voting to fund the Federal Financial Aid Program such as Pell, the college work-study and the Stafford loan programs, and I urge all of you in the Congress to continue these programs and to increase the amount of funds available, especially grants. I would like to see more students receive the opportunities that I have been able to enjoy.

Thank you.

[The prepared statement of Mr. Parks follows:]

PREPARED STATEMENT OF MR. PARKS

My name is Clarence Parks, and I'm finishing up my junior year at Knox College in Galesburg, IL. I'm from the inner city of Chicago, the southwest side. I was valedictorian of my elementary school class at Walter Reed Grade School, and I graduated from Lindblom Technical High School, where I was a member of the National Honor Society. I have two brothers and two sisters, and my mother is a single parent, divorced when I was seven.

Financial aid has made it possible for three of us to go to college. My mother has worked to support our family, but without financial aid it would have been too big a burden to put all of us through school and pay the regular bills.

During my sophomore year in high school I became involved with the CHAMPS program. CHAMPS stands for Chicago and Area Health and Medical Professionals, a mentoring program designed to track students through high school and prepare them for their future by exposing them to their field of interest—in my case, medicine.

My goal was to go to college, but I was concerned about where to go and how to pay for it. During my senior year I met the admissions counselor from Knox College and received a lot of the college's publications. I was especially interested in the premed program at Knox. Before I received any aid, I figured it would be tough to pay for 4 years of college, plus medical school, but my financial aid package from Knox was very good and I decided to come.

I am majoring in Biochemistry, and I plan to attend medical school with the ultimate goal of a career in public health. Besides my classes, I've been involved in a number of activities, some of which are strictly extracurricular and others that are geared towards my professional interests. I've been an officer in ABLE (the black student union), a member of the Student Senate, a representative to several faculty committees, and music director of WVKC, the campus radio station. I'm also the senior member of the Student Health Committee. And this year I'm a short distance runner on the track team. I think I'm able to handle my course load and still make a contribution to the campus community through these organizations.

None of this would be possible without financial aid. My mother is no longer employed, and she receives public assistance for herself and my younger brother. For 1990-91, my college costs, including books, were a little over $16,000. I receive about $13,000 in grant aid, including the maximum Pell Grant of $2,300, the maximum Illinois State Grant of 3,500, a Supplemental Educational Opportunity Grant of $600, and Knox Gift Aid. In addition, I have a College Work Study award that allows me to earn money at a campus job, and I have a Stafford Loan. By the time I graduate I expect to have borrowed $6,000 to $7,000, with the prospect of more loans for medical school.

Financial aid and loans don't pay for all of my expenses. I still work over the summer and during breaks. I've worked in clothing and computer stores, and last summer in the Veterans administration Hospital in Chicago at a job provided by CHAMPS. This summer I'll be working in a lab at Knox, doing research for one of my biology professors.

One problem I have with the federal financial aid formula is that I'm expected to save my summer earnings to pay for college. Since my mother can't give me any help, most of my income is spent on living expenses during the summer. That means I have very little saved for college in the fall and therefore must apply for additional aid to cover my student contribution.

All in all, if it weren't for financial aid, I wouldn't have been able to attend college and realize my aspirations. I am very grateful for the assistance provided to me by Knox College, the state of Illinois, and especially the federal government. I appreciate what Senator Simon and the United States Congress have done by voting to fund the federal financial aid programs such as Pell, SEOG, College Work Study and the Stafford and Perkins Loan programs. I urge all of you in the Congress to continue these programs and to increase the amount of funds available, especially grants. would like to see more students receive the opportunities I've had and more financial aid to help them achieve their goals.

Senator SIMON. Thank you very much for an excellent statement.

Larry Matejka, happy to have you here and we thank you for your leadership over the years.

Mr. MATEJKA. Thank you, Senator.

My remarks have already been submitted to you in terms of my testimony. You also have received a lengthy reauthorization paper

from the student assistance commission, which, if you have seen them, I'm sure you would want to take that with you.

My purpose this morning is to emphasize basically five points which I believe are absolutely critical for the future of higher education financing as we approach the reauthorization cycle. These five points are covered in my testimony but I would just like to highlight them and amplify in a couple of areas.

First of all, there must be a cooperative effort that exists between the states and Federal Government, schools, private sector and families to address the whole issue of financing higher education. We have heard the story told this morning and throughout the years of the escalating costs but we cannot solve the cost of higher education through any one particular program, or any one particular sector cannot adequately address it. It must be a cooperative effort.

Second, we must focus upon access. I think that has been the thrust of the Federal programs and it is certainly the thrust of the Illinois Student Assistance Commission. Our mission is to benefit society by enabling individuals to develop to the fullest potential through access to quality education, and all the programs that we administer, some seventeen different programs, are focused around that mission.

A third area that needs much attention is the early intervention initiatives that have been developed at various institutions by various states and to some degree by the Federal Government. A couple of years ago, for example, our agency became involved in a project with a small opportunity in southern Illinois, Sandoval, where we began focusing our information efforts at the 7th and 8th grade level in an effort to stimulate and encourage students to begin thinking about the postsecondary education before they became juniors and seniors in high school.

We have done a number of research projects over the years where it has become very obvious that when people begin thinking about financing education as a senior in high school or even a junior, it generally is too late. We must change the culture and begin—have people begin thinking about financing education much earlier on and provide some incentives and some programs that will provide the initiative and incentives for people to begin planning and saving for postsecondary education.

I think a fourth area is the issue, whole issue of program integrity. Various programs that we administer, from scholarships and grants to the loan programs, are absolutely essential and in recent months the integrity of some of the programs, specifically the loan program, have come into question, and we must do a lot to strengthen those, to solidify them and make them the kind of programs that they were originally intended to be to provide the opportunity for access and choice.

And the fifth and most important thing that I would like to leave with you today, with the members of the subcommittee, is the whole issue of simplification. The student aid delivery process is one that has become very complicated, as you well know, and has been one of the primary themes and issues of this organization, Student Assistance Commission, to address the complexity and to begin the simplification process.

For the population that is most at risk, low income, disadvantaged and minority students, middle school and early high school years, the message I'm afraid that we send about the programs that we have designed with their future in mind is not only complex, it is ambiguous and often just plain incorrect. Rather than speak to these students and families with a clear and unified message about their considerable drawing power on Federal, State and institutional financial aid programs that they successfully complete a college proprietary curriculum, we often allow confusion and misinformation to prevail.

We have provided a series of recommendations and I would mention four things to you this morning that have been consistent with our efforts in Illinois.

One, fully implement free, simple Federal need analysis that was intended by Congress by creating incentives or requirements for states or institutions to utilize that forum. Further, simplify requirements for students eligible for simplified need analysis, in particular those who have family incomes below $150,000 or AFDC recipients.

Three, integrate the Pell and congressional methodology model into one model by using one of the formulas as a foundation.

And, four, initiate a pilot project using stage zero electronic data exchange and develop other procedures for streamlining reapplications so that both low income and middle income students already in our system can reapply simply and quickly.

I believe that there is probably no issue that is more fundamental and more important in delivering student aid to people who most need it as other than simplifying the whole delivery process, Senator. If we don't address that during the authorization, I am afraid we may have failed. And I would encourage you and others to address that and I pledge our support and cooperation in that effort.

Thank you.

[The prepared statement of Mr. Matejka follows:]

Prepared Statement of Mr. Matejka

Good morning, Mr. Chairman and members of the subcommittee. My name is Larry Matejka, Executive Director of the Illinois Student Assistance Commission (ISAC). On behalf of ISAC and Illinois higher education, I thank the subcommittee for the opportunity to address current and potential state aid programs and how those programs can serve students and the nation better.

I must first comment that in 20-plus years of professional student aid activity, I have been pleased to see the evolution of a partnership between the federal government, state government, institutions, parents and students. Acknowledging this system has its shortfalls, it still has provided opportunity for thousands of students to pursue postsecondary education. The current reauthorization process provides us with the opportunity to examine, modify and refine the programs and processes to better achieve the goal of postsecondary education access.

We have already submitted our reauthorization recommendations to the subcommittee. The following comments deal with specific areas which we feel should be addressed in reauthorization. First, accountability among participants should be provided by a mix of approaches. It should be heavily outcome based (i.e., goals and objectives) and, to a much lesser extent, prescriptive. ISAC would suggest and support legislation in this area to:

(1) Define minimum licensing standards for schools.
(2) Define minimum accreditation standards for accreditation agencies.

(3) Define "quality education" and assimilate it as a goal and a basis for other measures.
(4) Define "outcome based" due diligence procedures.
(5) Review the lender-of-last-resort concept in reference to quality of education.
(6) Evaluate guarantor stability using an actuarially sound analysis that considers differences in portfolio size and mix, students served, requirements for both short and long term continued operation, etc.

We support a change in the grant/loan mix and support making Pell an entitlement. Further, we support an:

(1) increase in Pell and loan maximums. The current maximums are outdated. For instance, based on CPI with 1980 as a base, the 1990 Pell maximum would be $2,800 and the maximum Stafford would be $3,900. Based on the Higher Education Price Index these maximums would be $3,300 and $4,700, respectively.
(2) increase in Pell maximums annually, based on CPI changes in $100 increments.
(3) increase in loan maximums no more than yearly, based on CPI charges, in increments of $500.

We strongly suggest replacement of the 8-10 percent Stafford interest rate, and associated windfall profits provision, with a variable rate Stafford. Further, this program should:

(1) have a floor of 8 percent and a cap of 10 percent
(2) be based on 52 week T-Bill rate plus 3.25 percent, with an annual review and interest rate change like the current SLS and PLUS systems.
(3) allow for a no-fee consolidation and refinancing of old 8-10 percent loans.

Related specifically to need analysis determination and processing, we propose program improvements to:

(1) maintain the use of the Central Processor. This should include the use of the Central Processor to perform need analysis calculation(s). That is, the MDE Processors would not do the need figure determination.
(2) simplify the independent student definition.
(3) eliminate displaced homemaker and dislocated worker as core data elements, leaving these categories to be handled under special conditions provisions.
(4) guarantee a no-fee-to-the-applicant need analysis process.
(5) limit the use, by MDE's, of core data collected under MDE contract.
(6) use a single need analysis formula.

Our list of priority issues also include:

—Setting overaward tolerance level for loans at the same level used for College Work Study.
—Allowing reporting of "Default" status to credit bureaus as long as the debt is legally enforceable.
—Reducing the number of deferments to four: (1) In-school, (2) unemployment (3) temporary, total disability, and (4) military.
—Continuing the implementation of the National Student Loan Data System (NSLDS). The use of the NSLDS to confirm student eligibility prior to guarantee should be promoted. Data should be available for query and for research purposes by approved parties. A check of the NSLDS should occur prior to creation of a SAR to confirm student loan and Title IV eligibility.

While the above items make up our priority issues, we offer for your consideration a number of others we feel would have a major positive impact on the programs. These include:

—Negotiated rulemaking to improve the. regulatory and implementation process.
—Creation of an extended payment program to help in reduction of defaults.
—Implementation of a one lender, one holder, one servicer requirement to simplify borrower repayment.
—Common ED ID numbers to eliminate cross-program confusion.
—Continued support of the current non-subsidized Stafford loan option to provide loans to middle income families.
—Implementation of a one loan concept to simplify borrower repayment.
—Continuation of a graduated repayment option for borrowers to simplify and encourage borrower repayment.
—A strengthened LS&T and school certification program to address school quality.

—Increased Sallie Mae support of state guarantors and secondary markets to improve local (state) services and support.
—A required minimum of 3 MOE's (if MOE's continue at all), allowing ED to pick as many as needed while maintaining competition.
—Limit the use, by MOE's, of core data collected under MOE contract to prevent the misuse of ED owned data.
—Creation of a certification program for financial aid professionals to ensure only qualified people administer the program and to give them credit for their knowledge of some very complex programs.
—Use only a single need analysis formula to simplify need determination and explanations to families.
—Establish a line-of-credit option for Stafford to simplify the reapplication process.
—Institute a college savings plan that finances local secondary markets, where student aid savings finance student loan purchases, and vice versa.

These proposals are aimed at improving the Title IV programs for our ultimate client, the student.

Improvements would occur through simplification, by:

—Simplifying the application process (e.g., fewer data elements).
—Simplifying the renewal process (e.g., line-credit, one lender, one holder, one servicer).
—Simplifying repayment (e.g, one loan concept, graduated repayment, 8–10 percent Stafford to variable rate note).
—Using the single central processor with MDE support.

Improvements would occur through default reduction, by providing:

—Emphasis on education quality.
—National Student Loan Data System checks.
—An extended payment plan.
—Program administration by certified professionals.
—Credit reporting changes.

Improvements would occur through ancillary changes, such as:

—Early intervention.
—Non-subsidized Stafford loans.
—Increased grant and loan maximums.
—Education quality and guarantor stability.
—Changing grant/loan mix.
—CPI based "automatic" increases for Pell and GSL.
—Strengthened local secondary market support.

In the position paper we provided the Subcommittee recently, we did not specifically address the direct loan concept. Finding a proposal with sufficient detail for evaluation has been difficult, at best. However, we do have considerable interest in this idea. We note there are some concepts inherent in any direct loan proposal that should be considered. Standardization of forms, formats, reports, etc., would be helpful. The increased use of electronic transfer, such as Electronic Funds Transfer (EET), could reduce burden and improve delivery of aid. ISAC continues to support such approaches, and feels those improvements, within the present program structure, could offer simplification to students and providers alike, while reducing administrative costs as well.

In addition, Mr. Chairman, I want to address an issue of concern to me and ISAC—the complexity of the student aid application process. ISAC believes that, in spite of important changes legislated by the Congress in 1986, the entire delivery system has remained overly complex; and that this complexity frustrates and discourages both low- and middle-income students and parents. Permit me to illustrate this complexity and how students and parents—especially low-income, disadvantaged and minority populations—view the delivery system that we have placed in their paths.

First, the vast majority of our neediest college bound youth, those for whom our programs are in large part designed and those with the lowest income and virtually no assets—many of whom are on public assistance, are currently required to complete overly complex forms designed to assess the need of the wealthiest families in our country. It is our standard practice, also, to allow them to be charged a fee, basically to prove they are poor.

If that weren't bad enough, we currently assess the eligibility and need of our most disadvantaged students with the multiple need analysis models—even though

for the vast majority the results are virtually the same. That is, each of the models simply tells us what we should have already known—that these students and families are very poor.

Next, we not only do this the first time they apply for federal student aid, we make those already in school, struggling to persist, start from scratch each year with a blank form—even the millions for whom circumstances have not changed appreciably. And by the way, we charge most of them yet another fee every time they apply.

Finally, and perhaps, most important, for the population most at risk—low income, disadvantaged and minority students in middle school and early high school—the message we send about the programs we have designed with their future in mind, is complex, ambiguous and often plain incorrect. Rather than speak to these students and families with a clear, unified, and simple message about their considerable drawing power on federal, state and institutional programs if they successfully complete a college preparatory curriculum in high school, we allow confusion and misinformation to prevail.

Recently I have noted numerous proposals which, while no doubt well intended, I believe would be at the least counterproductive to Congressional intent. Examples are:

—Elimination of free federal processing by MDE processors; that is, simply doing away with the system called for by the Congress and begun by ED in 1991-92.
—Wholesale exemption of certain subpopulations from submitting even the most basic data. This threatens the reliability and validity of federal data bases, and it is unlikely that states and institutions will accept such blanket exemptions.
—Allowing institutions to experiment with and develop non-common forms. Potentially, this leads to hundreds of different approaches rather than a simple common approach.
—Reducing the number of MDE's without requiring them to deliver free federal processing. Currently less than 2 percent of students filing through MDEs who charge a fee are using free federal need analysis.

ISAC is supportive of some change but we believe these would not only increase the complexity of the delivery system but reduce its overall effectiveness as well. In this regard, I would submit at least four recommendations which I believe would move us along the path to achieving our goals.

First, and most important, fully implement the free simple federal need analysis intended by Congress by creating incentives or requirements for states and institutions to use it.

Further simplify requirements for students eligible for simplified need analysis; in particular, those who have family income below $10,000 or are AFDC recipients.

Integrate the Pell and Congressional Methodology models into one model with a simple needs test by using one of the formulas as a foundation.

Initiate a pilot project using (Stage Zero) electronic data exchange and develop other procedures for streamlining reapplication so that both low- and middle-income students already in our system and data base can reapply simply and quickly.

Mr. Chairman, ISAC believes these changes are necessary to help all of us in the partnership realize the goals of the federal student aid programs. I thank you for this opportunity to address the issues. I will be pleased to respond to questions.

Senator SIMON. Thank you very much.

Pamela Britton, happy to have you here with us.

Ms. BRITTON. Good morning, Senator Simon.

I am proud to be here from Southern Illinois but you and I know we are not quite southern Illinois. We are about three and a half hours away from there.

I'm here to represent the Illinois Association of Student Financial Aid Administrators, what I will call ILASFAA this morning, and present our recommendations for consideration and reauthorization of the Higher Education Act.

I'm director of financial aid at SIU in Carbondale and I've been a financial aid administrator at Carl Sandburg Community College and at Knox College. I also currently serve as a delegate-at-arge for the Midwest Association of Student Financial Aid Administrators

and I will be happy to answer any questions, address any issues after my remarks from those perspectives.

ILASFAA is the Illinois financial aid professional organization with over 400 members from the public, private and proprietary institutions as well as other financial aid related agencies. Our purpose is to provide expert testimony and serve as an information resource organization for the financial aid programs.

In our written statement you will find a directory of the executive council of ILASFAA and the legislative information committee, and I would encourage you to contact and talk with any of those people who would welcome an opportunity to talk with you more specifically than what I can talk to you today about. The comments that I am going to present today do represent a majority viewpoint but they do not represent all the viewpoints or the majority viewpoints from ILASFAA.

We have talked a lot about very controversial issues, the direct student loan program, the Pell Grants to first-and second-year students, assistance for the middle income families, the race exclusive scholarship issues. We have talked and talked and talked about those issues but we have not come to consensus. I can better understand now how difficult it will be for our Congress to reach agreement with our diverse Nation having tried to get the Illinois group to come to consensus.

We do understand the legitimate budgetary concerns, however, we think that our Nation can ill-afford to limit Federal financial aid opportunities. We think that education should be viewed as an investment, not as an expenditure.

The current financial aid programs have been very important in providing opportunity. They have been instrumental in assisting individuals to obtain employment and become productive members of society. They have promoted advancements in research and science. They have provided access and choice to all types of institutions regardless of the individual's financial strength. However, we feel that the programs are falling short in providing those ideal goals.

We would not, however, propose a revamp of the Federal programs. We feel that improvements can be made to the existing programs that will better address those ideal goals of equal access and choice. I'll just mention some of the recommendations that we have presented in our written testimony.

We feel that students are borrowing excessively, especially in light of their potential for repayment. We believe the answer to that is increased grant eligibility and funding and that is desperately needed. We believe that the Pell Grant maximums must be increased to compensate for the increased educational costs and we believe that the Pell Grant program should include professional judgment capability as was allowed a couple of years ago but has now been taken away. We feel that's important to those special circumstances.

We believe the financial aid process is viewed by students and the public as complex and confusing. We believe that it's very overwhelming for financial aid administrators as well and we believe that the answers to those problems would be that the programs

should be stabilized with few changes, no more frequent than annually, and giving us ample lead time to make those adjustments.

We believe that the financial aid application process, the forms and the analysis need to be simplified for students and families.

We believe the regulation of social policy by requiring statements related to selective service registration or drug abuse complicate the process even further and have no relevancy to the financial aid process and we would propose that those be eliminated.

We believe that a centralized national data base would be very helpful to streamlining the process and we very much approve of that possibility and would encourage development of that.

We do not believe the default rates for institutions are an appropriate measure of the quality of instruction. We believe that performance standards accreditation procedures are better measures of an institutions's ability to provide a good education and participate in the financial aid programs.

We believe that lendors and guarantors need to actively participate in the loan counseling efforts and those issues that relate to repayment. We find that many students, once they go into repayments, are confused about who they are paying their loans to and we believe that much clearer information needs to be provided there.

Now that needs analysis is part of the reauthorization act, we believe that tinkering with that needs analysis can have drastic impact depending on what is done and we would like the Congress to pay special attention to the needs analysis issue.

We believe the independent student definition needs to be adjusted and simplified.

We believe the displaced homemaker and displaced worker analysis are unnecessary, that those people can be helped otherwise, that the dependent student earnings contribution is excessive, and we believe that that needs to be worked on as well as other needs analysis issues.

We believe the campus-based aids programs are very valuable, especially the college work-study programs, and we hope that those programs will not be forgotten by Congress. Those provide an excellent opportunity for learning experiences outside the classroom and we would hope that that would continue.

We would like to see simplification in the loan program. We would look at maximum loan amounts. We need to simplify loan deferments. We need to look at eliminating the Stafford Loan origination fee and simplifying that whole process.

We would encourage you to talk with individual members——

Senator SIMON. You can summarize the balance there.

Ms. BRITTON. Yes—and encourage you to talk with the individual members, many of whom are here today. Bruce Foote is our president of our ILASFAA organization and I would encourage you to talk with our people. We enjoy your support and hope that that will continue throughout this process.

Thank you.

[The prepared statement of Ms. Britton (with attachments) follows:]

PREPARED STATEMENT OF MS. BRITTON

Good morning Senator Simon, fellow panelists, and others interested in hearing testimony regarding the federal higher education programs. I am pleased and honored to represent the Illinois Association of Student Financial Aid Administrators (ILASFAA) and present our recommendations for consideration in the reauthorization of the Higher Education Act.

I am the Director of Financial Aid at Southern Illinois University at Carbondale and have been a financial aid administrator at Carl Sandburg Community College and Knox College. I currently serve as a Delegate-At-Large for the Midwest Association of Student Financial Aid Administrators. I will be happy to address any questions or discuss the issues from any of these perspectives following my remarks.

ILASFAA is the Illinois financial aid professional organization with over 400 members from public, private, and proprietary institutions of higher education and other financial aid-related agencies. ILASFAA's purposes include providing expert testimony and serving as an information resource organization for financial aid programs. The written statement includes a listing of ILASFAA members involved in legislative activities who would welcome the opportunity to provide more specific detail and discussion regarding reauthorization.

The following comments represent only some of the majority viewpoints from ILASFAA members. Many other issues have been discussed including such controversial topics as the Direct Student Loan Proposal, the front-loading of Pell Grants to first and second year students, assistance for middle-income students, and

race-exclusive scholarships. As the ILASFAA committee chairperson leading those discussions and seeking consensus, I can now better appreciate the difficult task facing our Congress in reaching agreement for a reauthorization that meets the needs of our diverse nation.

ILASFAA understands the legitimate budgetary concerns that make reauthorization even more difficult than during a more prosperous time. However, our nation can ill-afford to limit federal financial aid opportunities when education should be viewed as an investment in our economic future, rather than an expenditure.

The current federal financial aid programs have been important in providing opportunity and have been instrumental in assisting individuals to obtain employment and become productive members of society, promoting advancements in research and science, and providing access and choice to all types of educational institutions regardless of an individual's financial strength. However, the programs fall short in totally achieving these ideal goals, especially for low income and disadvantaged students. The following recommendations are offered to improve the federal programs:

1. Students are borrowing excessively in light of their potential for repayment partly because grant programs are inadequately funded. Increased grant eligibility and funding is desperately needed. Pell Grant maximums must be increased to compensate for increased educational costs. Professional judgment should be restored for the Pell Grant program to assist students with special circumstances.

2. The financial aid process is viewed by students and the public as complex and confusing. Financial aid administrators are, also, overwhelmed by frequent changes and administratively burdensome regulation. The programs should be stabilized with changes no more frequent than annually and with ample lead time to implementation. The financial aid application process, forms, and analysis should be simplified for students and families.

3. The regulation of social policy by requiring statements for activities such as selective service registration or drug abuse complicates the financial aid process and fails to change student behavior. These "tag-on" statements should be eliminated.

4. A centralized national financial aid database could streamline processes by eliminating many forms and duplicative correspondence.

5. Default rates for institutions are not an appropriate measure of the quality of instruction especially for institutions serving high-risk students form poor economic areas. Performance standards and accreditation procedures should be used instead of default rates to determine institutional eligibility for financial aid programs.

6. Lenders and guarantors need to actively participate in loan counseling efforts. To avoid confusion clear notice should be provided to borrowers when loans are sold to a different agency.

7. Need analysis changes are needed to simplify the complex independent student definition, eliminate the unnecessary displaced homemaker and dislocated worker analysis, collect and use all veteran's benefits, reduce the expected contribution from student earnings, collect and use estimated year income for students leaving jobs to attend school, collect student's living arrangements, and collect the ages of student's children.

8. The Campus-based Aid programs are very valuable and should be continued with additional funding. The College Work-Study program is especially important in providing learning experiences outside the classroom. These programs are best administered with minimal regulation and more institutional flexibility. The overaward tolerances need to be increased and applied to the guaranteed loan programs as well.

9. The Guaranteed Loan Programs should be reviewed to determine increases in maximum loan amounts, simplify loan deferments, eliminate the Stafford Loan origination fee, and simplify the application and disbursement process.

10. Institutions are experiencing extraordinary costs for administering the federal financial aid programs related to increased regulation, postage and telecommunication expenses, computer costs, etc. Realistic administrative cost allowances need to be provided to institutions for all federal financial aid programs.

11. Numerous other recommendations with statistical analysis will be provided by ILASFAA members as they communicate their individual and institutional viewpoint.

I appreciate the opportunity to share with you the ILASFAA recommendations for reauthorization. ILASFAA is currently gathering information from current and former students who attribute their success to the assistance provided by the financial aid programs. This testimony will soon be distributed to you and will much more effectively illustrate the value of our financial aid programs. ILASFAA urges you to continue our nation's investment in the future by strengthening the financial aid programs. We seek your continued support and offer our assistance to you throughout this process.

The Illinois Association of Student Financial Aid Administrators, Inc.

Recommendations for the Reauthorization of the Higher Education Act

The Illinois Association of Student Financial Aid Administrators, Inc. (ILASFAA) is an organization of approximately 400 student financial aid professionals representing postsecondary institutions from the public, private, and proprietary sectors and other individuals from lending institutions, guarantee agencies and other financial aid-related organizations. ILASFAA was formed in 1968 to assist in the education of its members regarding the various facets of student financial aid, to offer expert testimony regarding the funding policies and/or operating procedures of student financial aid programs, and to serve as an information resource organization to those having interest in and relationships to the student financial aid function. It is in this context that this document has been developed.

The Executive Board of ILASFAA established a goal for the 1990-91 year to review the federal Title IV programs and participate in the legislative activity of the reauthorization of the Higher Education Act. The Legislative Information Committee was charged by the Executive Board to seek opinions and ideas, discuss and determine the majority viewpoints and publish an ILASFAA Reauthorization Position Paper for distribution to the ILASFAA constituency, the Midwest Association of Student Financial Aid Administrators, the National Association of Student Financial Aid Administrators, and members of the legislature for consideration in the reauthorization process. To facilitate and encourage ILASFAA members to influence reauthorization as well as other legislative and regulatory activities, the committee has disseminated various informative materials and provided training. In cooperation with the Illinois Student Assistance Commission (ISAC), two preliminary hearings were hosted in July for the Illinois public to engage in the interchange of ideas related to reauthorization. ISAC, with some assistance from ILASFAA, presented a seminar in September providing information on how the legislative process works and guidance in proactively influencing the process. The committee has distributed materials to assist the ILASFAA membership in effectively communicating with legislators. Sessions have been offered at the ILASFAA annual conference dealing with reauthorization and legislative advocacy. ILASFAA initiated the first Illinois Student Success Story activities in 1991 and publication of a brochure highlighting examples of the importance of financial aid is expected soon. This brochure will be distributed to the ILASFAA membership and legislators to accompany and enhance the reauthorization participation.

The following information, comments, and suggestions are offered for consideration in the reauthorization process. This document represents the results of considerable discussion among ILASFAA members, but should not be viewed as the unanimous, nor even consensus, of the ILASFAA membership. For the most part, however, this document is supported by the majority of the ILASFAA constituency. The opinions of ILASFAA members do not necessarily represent the viewpoint of their institutions. Those issues that generated discussion which proved to be too controversial or especially sensitive to any particular institution, sector, or group of students have not been included in this document. The debate on the more controversial issues will be left to the individual ILASFAA members and their institutions.

As the reauthorization process and debate continues this document may require revision, additions, and further clarification and comment. The ILASFAA Executive Board President should be contacted to initiate any changes to this document.

Introductory Comments

The federal financial aid programs authorized by Title IV of the Higher Education Act are important in providing the opportunity for higher education to all of the people of the United States regardless of financial strength. These programs have assisted many individuals in obtaining employment or professional training to become productive members of society. Many of the advancements in research and science have been the results of work from individuals who might never have made these discoveries without the education afforded by financial aid. The prestigious institutions are no longer exclusively available only to the wealthy partly because federal financial aid has enabled some needy students to attend. Although the federal financial aid programs fall short in providing the ideal goals of totally equal access and choice for higher education, the programs have greatly enhanced the opportunity for many people, especially for low income and disadvantaged students.

The reauthorization process offers the chance for the federal financial aid programs to be improved. Although there are many aspects of the programs that are good, other provisions fail to achieve the desired results. The following suggestions are provided by ILASFAA to seek improvement to the Title IV programs of the Higher Education Act:

General Recommendations

1. All of the current Title IV programs have merit and should be maintained albeit with changes. The financial aid programs should continue to be offered as currently available to students at the various types of institutions.

2. All federal financial aid programs are grossly underfunded and deserve a higher budget priority. Although the federal deficit and budget issues are legitimate concerns, the United States can ill-afford to address those concerns by limiting federal financial aid for education. Education programs should be viewed as an investment in the human capital of our country rather than an expenditure!

3. Many students are borrowing entirely too much in light of their potential for repayment. The necessity to borrow is partly caused by the inadequacy of funding for the grant programs. This imbalance in loan to grant funding and utilization needs to be altered by increased grant funding.

4. The financial aid process is viewed by the public and students as complex and confusing. Financial aid administrators are, also, overwhelmed by the proliferation of regulations governing the programs. Frequent changes with insufficient lead-time for implementation add to the difficulties of administration and communication. Financial aid programs should be stabilized with changes no more frequent than annually and regulations established long before the processing year begins January 1. The financial aid application process and forms need to be simplified. In particular, students from

public aid families should be able to receive financial aid through a greatly simplified application process by documenting public aid status.

5. The regulation of social policy by requiring statements or certifications from students for activities such as selective service registration and drug usage complicates the financial aid process, while failing to change student behavior. These "tag-on" statements and requirements that are unrelated to financial aid should be eliminated.

6. Establishing a centralized national financial aid database and matches to other national databases, such as immigration, are important to simplify the delivery of financial aid and improve the monitoring of compliance with various regulations. This database could provide residency status, default status, loan usage, grant usage, and other information to replace the Financial Aid Transcript and eliminate unnecessary certification statements and documentation. The Financial Aid Transcript and certification requirements provide only minimally valuable information while significantly delaying the delivery of financial aid. This centralized database would also facilitate other types of communication involving multiple lenders, guarantee agencies and institutions to meet student status confirmation requirements during the loan repayment period.

7. The administrative cost allowances for the Campus-Based Aid Programs and the Pell Grant Program have not been increased, while administrative requirements and expenses have increased significantly. Institutions need to be provided additional federal financial assistance to cover administrative costs for these programs.

Default Initiative Recommendations

1. Default rates for institutions are not an appropriate measure of the quality of instruction. Serving a high risk student population and poor economic conditions can affect repayment and default rates despite the quality of the program and the institution. Performance standards and licensing, certification, and accreditation procedures, rather than default rates, should be used to determine eligibility for participation in the loan programs.

2. Lenders and guarantors should be required to actively participate in loan counseling efforts to encourage students to repay their loans. The trend toward fewer lenders and larger volumes of borrowers per lender could decrease the personal attention given to student borrowers by the lender and guarantor and consequently reduce the incentive to repay. The selling of loans to secondary markets, also, contributes to the confusion for borrowers regarding contacts, addresses, and phone numbers. Lenders, secondary market organizations, and guarantors should be required to provide individualized assistance and improved communication to borrowers. Clear notice to borrowers should be required when loans are sold to a different organization.

3. High-need students from poor economic areas are a segment of the population that especially needs and benefits from financial aid to obtain an education in order to improve their situation. Unfortunately, this same population is at high risk for default. Increased grant assistance for the exceptionally needy to reduce borrowing is an important and effective deterrent to default and should be included as a default reduction initiative.

Need Analysis Recommendations

1. The complex independent student definition has become confusing and unwieldy. Student status determination must be simplified. All graduate, divorced, separated or married students should automatically be classified as independent. The current automatic criteria (age 24, veteran, orphan/ward, or having dependent children) for single, never married and undergraduate students to be classified as independent should be maintained. The conditional criteria needs to be revised to be made more reasonable, understandable, and manageable. Financial aid administrators should continue to be allowed to exercise professional judgement to classify as independent those students not meeting the criteria, but who are genuinely self-supporting.

2. The displaced homemaker and dislocated worker need analysis formulas add complexity to the process, but assist very few students who are not already adequately evaluated by the regular analysis. These formulas should be eliminated in favor of using professional judgment to assist those few students.

3. To avoid confusion and inconsistency, all federal Veterans Benefits, National Guard, ROTC, and Reserve monthly stipends should be reported on the application and included as a student resource. Benefits covering tuition and fees should be considered financial aid.

4. The student contribution should be derived using a reasonable expectation of available resources. The current conversion rate of 70% for students' earnings plus a 35% rate for assets is an unrealistic expectation of ability to pay and potentially counts the same funds twice. The current process is a strong disincentive for students to work part-time while attending college and thereby encourages borrowing.

5. A mechanism should be devised on the application for collecting estimated year income from students leaving jobs to attend school. The student contribution could then, at the financial aid administrator's discretion, be calculated from estimated summer plus academic year earnings rather than base year earnings.

6. Questions need to be added to the federal core application questions securing the student's living arrangements while in school and the ages of the student's children to facilitate the calculation of student budgets and student need appropriate to law and regulation requirements. These questions are currently not available, but are required by law to be used to determine budgets for Pell Grants and other financial aid.

Pell Grant Program Recommendations

1. Pell Grant funding has not kept pace with educational costs. Needy students are not being assisted as adequately today as in the past. Pell Grant maximum amounts should be increased significantly now and increased annually in proportion to the cost of living and tuition increases.

2. Requiring the student to submit a paper Pell Grant Student Aid Report to the institution is unnecessary and delays the process. The submission of a

paper SAR could be eliminated if the communication functions of the SAR are replaced by information exchanges to students and to schools.

3. Needy students who do not meet the narrow definition of Special Conditions, especially dependent students with significantly reduced earnings, may not be adequately assisted currently because professional judgement is not allowed for the Pell Grant Program. Professional judgment should be restored for the Pell Grant Program.

Campus-Based Aid Programs Recommendations -

Supplemental Educational Opportunity Grant, College Work-Study, Perkins Loans

1. The Campus-Based Aid Programs are valuable for students and have assisted many students who could not have attended college with the limited assistance from other financial aid programs. The College Work-Study Program has been especially important in providing students with learning experiences outside the classroom. The Campus-Based Aid Programs can be most effectively handled with minimal regulation. These programs should be continued and deregulated to allow institutions to use their discretion on the appropriate use of funds.

2. The student contribution represents an expectation that the student will earn part of the educational costs. However, current regulations do not allow College Work-Study (CWS) awards to be used to meet the student contribution. This is not consistent with the intent of the student contribution. Schools should be allowed to use CWS funds to replace the student contribution.

3. The current overaward allowance is too small for the Campus-Based Aid Programs in light of time constraints and administrative difficulties. Overaward tolerances should be increased. Institutions should have the authority to determine procedures and priorities for correcting overawards since they are best able to judge the needs of the student affected.

Guaranteed Student Loan Programs Recommendations

1. Due to the increasing cost of education, annual and aggregate loan limits should be reviewed and may need to be increased. However, loan limits do not necessarily need to be increased for all institutions. Lower cost institutions may need lower limits to discourage unnecessary borrowing.

2. The Stafford Loan origination fee is burdensome for students and reduces available financial assistance to pay college costs. The origination fee should be eliminated.

3. Deferment provisions are confusing and inconsistent especially as they relate to enrollment status. Deferments for enrollment should be allowed for all loans if the student is enrolled at least half-time.

4. Now that guaranteed loans are governed by overaward restrictions, an overaward tolerance should be allowed for guaranteed student loans similar

to the increased amounts suggested for the Campus-Based Aid Program tolerances.

5. The costs of administering guaranteed student loans have become enormous for institutions. An administrative cost allowance should be provided to institutions to compensate for the numerous and costly loan requirements such as loan counseling, check handling and distribution, student status confirmation, etc.

6. To eliminate unnecessary loan check distribution costs and ease student cash management problems, loans for enrollment periods of less than 90 days should be disbursed in a single disbursement.

7. The Student Status Confirmation Reporting process for loans needs to be standardized to eliminate multiple formats and should be centralized to facilitate efficient administration. These reports should be frequent enough to meet regulation requirements and include all required data such as name, social security number, address, and enrollment changes. Some current forms and correspondence could be eliminated if these reports were thorough, accurate, timely, and centralized.

Concluding Comments

The names, addresses, and phone numbers of the 1990-91 members of the ILASFAA Executive Board and the ILASFAA Legislative Information Committee are included on the enclosed listing. These individuals were instrumental in leading ILASFAA in developing this document. Members for 1991-92 will be listed when available. Interested parties are encouraged to interact with these individuals who have volunteered and who welcome the opportunity to participate in the reauthorization process and discuss the issues. ILASFAA members and institutions will be happy to assist in providing additional information, specific details and statistics to support the comments presented in this paper and other recommendations.

ILASFAA is your financial aid information resource!

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Senator SIMON. Thank you.

I appreciate having here probably the only witness who knows where Mckanda, IL, is. Greg Slayton is the vice president of Woodford County Bank in El Paso, the hometown of the late Bishop Fulton Sheen. Most people don't know that.

Mr. SLAYTON. That's true.

Senator SIMON. Pleased to have you here with us, Mr. Slayton.

Mr. SLAYTON. Thank you, Senator.

Senator SIMON. Can you move that mike over in front of you?

Mr. SLAYTON. I am pleased to participate this morning. I note that I am the only representative from a for-profit institution. I don't know if that's by design or not.

For some years——

Senator SIMON. Let me just say it is not by design and we also have a representative of the chamber of commerce testifying in the next panel who is going to be speaking on behalf of for-profit institutions also.

Mr. SLAYTON. Good, we need that.

For some time banks have been making student loans and in the interest of efficiency, Illinois has reduced our input. We no longer see the student during the process of applying for aid or getting loan approvals. The only time we see the student is when it's time for them to repay the loan.

Frequently when it's time to disperse the check—I shouldn't say frequently. When it's time to disperse the check, the check goes to the school and we have done everything by mail up to that point.

I think those are lost opportunities for loan counseling, four separate opportunities during a 4-year undergraduate career. Also I think that as banks consolidate in Illinois—it hasn't been many years since Illinois was a unit bank state—we are going to have less and less interaction with the students. We are forcing banks to purchase the loan portfolios of a lot of State banks in Illinois. The indepth programs such as First National Bank in Chicago total some $50 million dollars, not that they don't do a good job, but they can't have the personal interaction that small banks in small communities or even larger banks in larger communities have with their direct customers.

We are seeing repayment problems. I mentioned in my written testimony that repayments are better now than they were some years ago. Default percentages are much reduced. But we are seeing people who go to school 4 years and have been certified as moving from class to class and have borrowed for each year and yet don't graduate. Those students have a difficult problem.

The education is intended to translate into higher earnings. Loan repayments during the first 5, 10, or 20 years of their working life reduce those earnings and those loan repayments do not buy goods and services. They don't translate into a higher standard of living, that portion of their income.

We have students on the books now that are paying $300 to $400 a month for the next 20 years for student loans. We think student loans have gotten out of hand. That is a for-profit institution that has probably come in the back door.

A 100 years ago United States was the greatest Nation on earth and it was amply demonstrated, because that's when the great immigration began in the last 20 years.

Seventy-five years ago was around the time of World War I. Again we demonstrated that we were the premier country in the world. Everybody worldwide appreciated our efforts.

Fifty years ago World War II began. Again an opportunity to demonstrate our accomplishments.

And it is just a coincidence that a 175 and 50 happen to hit wars. I didn't realize that until just now.

But 25 years ago we started the guaranteed student loan program. I don't think it could be said that we have enhanced our position in the world. I think we have lost ground.

Some of the earlier panelists mentioned the need for international studies. I concur.

As a taxpayer I find difficulty with entitlements. On the other hand, it may be necessary, because I don't think that student loans is the answer to the problem. One of the things that, if you live in the country like I do, you talk to people that you know, you know your neighbors, you know a lot of your neighbors. One of the things I am afraid we are getting is less education for more money. We need to change that perception if that's not true. If it is true, we need to change the facts.

Thank you, Senator.

[The prepared statement of Mr. Slayton follows:]

Prepared Statement of Mr. Slayton

1. Before any attempt is made to fix any perceived shortcomings in present programs, first make sure there is a problem. Second, make sure it is appropriate for the government to address the problem. Third, make sure that any proposed changes will, in fact, correct the problem.

I'm referring here to the administration proposal to create a Direct Student Loan Agency.

There isn't any way that such a system would be an improvement over the present system. For one thing, how will direct loans be funded? If the Treasury borrows short to fund long term commitments, costs won't be locked in. If the Treasury borrows long (which it should), there won't be any appreciable interest savings anyway. Who is going to service these loans? Will they do it for nothing? Can another bureaucracy be created that will service these loans cheaper than commercial lenders do now?

Proponents of this change talk a lot about the "special allowance" commercial lenders get to make and service student loans. Do they know what that special allowance is? It is currently 3.25 percent and is added to the average yield of 3-month Treasury bills to make a present day yield of 8.75 percent on the interim portion of our student loan portfolio. The yield on the payout portion of our portfolio is the same but the former student is paying 8 percent so the special allowance amounts to 3/4 of 1 percent. Under current rules, when payout loans hit the 48th month, the rate the former student pays will go to 10 percent. At this stage there will be no special allowance at all. We have a rather mature student loan portfolio so approximately 35 percent is in interim loans and 65 percent is in payout loans. You can see, therefore, that the special allowance is not a major portion of our gross yield.

This issue obviously needs a lot more study.

2. Of necessity, any program that serves the needs of many people will be complex. Don't make it any more so, needlessly. Simplify, simplify, simplify.

The 8/10 interest split comes to mind in this regard. Do the proponents know how to develop a level payment when the interest rate changes in the middle of the repayment period? I'm not saying it can't be done, only that it is difficult and introduces needless complexity. One intent of this rule is to encourage borrowers to pay off more quickly under the lower interest rate. This serves to reduce the cost to the government. Another intent is to require the borrower to pay more of the cost after

being out of school and presumably on a job for 4 years. This further reduces the cost to the government. This same thing could have been accomplished in several less complex ways.

Another area that suggests itself for simplification is that of deferments. There are fourteen different deferments presently available. This could be reduced to four without affecting many people.

3. It is an unfortunate fact of life that there are many that will abuse for their own benefit anything you develop. HUD's housing projects, military contractors, Bureau of Indian Affairs contractors, Department of the Interior logging contracts and John Sununu's travel arrangements come to mind immediately.

Build in safeguards on the establishment of programs. Don't wait for abuses to develop and then try to close the barn door.

Specifically, establish a uniform set of standards that a school must meet in order for its students to qualify for financial aid. The television program "60 Minutes" has had numerous episodes about schools that exist in name only or with only minimal window-dressing that recruit students for the sole purpose of processing guaranteed student loans. I receive about one call per week from schools in Oregon, North Carolina, New York, California, Texas, Florida and other states asking if we will purchase guaranteed student loans that they generate. Mostly, these are trade schools but we also hear from Junior Colleges and Bible Colleges occasionally.

Our answer is always no. Attached is a sample letter that I use to respond to these inquiries. We think that if more lenders adopted this attitude about loans in general, there would be far fewer safety and soundness concerns.

When these schools have been issued a school code number by the federal government, there is an implied approval of the institution and its educational standards. Students at these places do not receive fair value for the money they pay. For having aided these schools to enter and take advantage of the system and the students, the federal government should establish forgiveness procedures for these students' loans. The government would then pursue those people responsible for the fraudulent submission and certification of loan documents.

4. When something works well or improves substantially from a state of not working well, publicize it. You can rest assured that the media will already have told everyone about its not working well. They should be encouraged to get the word out when things improve. Unfortunately, good news does not sell newspapers.

Many of our citizens remember the media presentation of student loan default data from several years ago. It was a dismal picture presented negatively. Understandably, support for student loan programs in our area is limited to present students and their parents. We hear many comments from parents of former students with the following themes: why should my child have to repay student loans if no one else does?; how bad will it hurt my child's credit rating if they don't pay their student loans?; why are you hassling my child about their student loans, you're guaranteed anyway?

Regulations are different now, as are default percentages from successful students. More student loans are being collected now than in the past even after being defaulted to the guarantor.

Publicize this aggressively. Also be aggressive letting students know that if they don't repay their original lender, they will repay someone else. Continue devising ways to make it more difficult to escape full repayment.

Dear Sir or Madam:

Thank you for your inquiry regarding our participation with the Illinois Student Assistance Commission in the Guaranteed Student Loan program.

In accordance with the Community Reinvestment Act, our investment policy requires that we serve the needs of the local community that is our deposit base.

This policy has made us a strong, well-capitalized bank that has earned a solid reputation in our community, with our peers and with our regulators. In contrast to many other institutions, we know that we cannot adequately service markets too far from our home territory.

We would be glad to assist any student you have from our market area.

Thank you again for your letter.

Senator SIMON. I thank you.

There is no question that we have shifted the programs. It used to be 76 percent depend upon grants. We are now 67 percent dependent on loans. It has been a very substantial shift and it causes a great many problems.

You mentioned people paying $300 or $400 a month. I have a member of my staff who is with me here today. He and his wife are paying back $1,080 a month in student loans. You know, that's a very, very serious problem and it postpones dreams that people have for having a home and a family. It is discriminatory because those of us who are white males, when we graduated from college on the average are going to make more than those of you who are women and those of you who are members of minority groups.

But I'm not suggesting we eliminate the student loan program. Your suggestion about counseling from banks, if every—if all the students came from El Paso, IL, and Makanda, IL, there would not be a problem. It is difficult, however, when New York City, when Chase Manhattan is, you know—I don't know how many loans they make, but if we were to impose a counseling burden on Chase Manhattan right now, I have an idea they would be down in Washington immediately, saying we just can't do that. And my staff says there is a Chase Manhattan rep here right now listening to the testimony. All right, we are happy to have you here.

If you were—if you, Mr. Slayton, if you were just to make one change in the student loan program, if all of a sudden President Bush and Congress just said here, you can do one thing, what would you do?

Mr. SLAYTON. I would require that institutions that certify and process student loans have some sort of education to offer to the students for whom they are certifying. In my written testimony I quoted "60 Minutes" as having a number of programs about schools that simply don't provide anything. All they are is a vehicle for collecting student loans and letting the chips fall where they may.

Senator SIMON. What you are specifically talking about here are some of the abuses by some of the proprietary schools, or community colleges or universities or what are you specifically talking about?

Mr. SLAYTON. Well, I think proprietary would generally get it, but there are other schools that offer less for the buck, too.

Senator SIMON. OK, and let me just add, the majority of proprietary schools as well as the majority of the other schools do a good job, but this is where the quality factor is something we have to look at.

Miss Britton, I agree with you on the college work-study program. We have just been talking about students borrowing excessively. You also make a point here that I think is appropriate, the default rates for institutions are not an appropriate measure because some community college in East St. Louis, for example, faces very, very different problems from the community college that serves the El Paso area.

I also think when we talk about defaults it is not just a complete loss.

If I can use—we had a woman testify before us who had taken a cosmetology course. She now works in a beauty shop, she is a single mother and has two children. She was on welfare and she was going through how student aid helped her. I think there is a reasonable chance she is going to end up in default. Now, she is in

default and she ends up being a bad statistic, but she is no longer on welfare and that's a very good thing.

You mentioned simplification, as did your colleague there. That clearly is a major need. If you could, if I can give you the same question I gave Mr. Slayton, if you could just do one thing to improve the student assistance program, you would do what?

Ms. BRITTON. Let me preface it by saying many of our recommendations would not cost anything in the way of funds, that many of our recommendations could be done without it being additional expenditure. As far as expenditures is concerned, I think the majority of the ILASFAA members would support increasing the Pell Grant program and providing more grant assistance to our students.

Senator SIMON. OK.

Ms. BRITTON. And if they shake their heads maybe they agree.

Senator SIMON. And I have always said Matejka but my staff says I am mispronouncing your last name. Do you pronounce it Matejka?

Mr. MATEJKA. I try to pronounce it Matejka but most people have a lot of varieties.

Senator SIMON. All right, well, I have been mispronouncing it through the years.

Mr. MATEJKA. No problem. That's the way my grandfather pronounced it by the way.

Senator SIMON. You mentioned what you are doing with Sandoval, the 7th and 8th graders. Do you have any kind of measurement of what is happening as a result of letting students know early on that they ought to be thinking about higher education?

Mr. MATEJKA. Senator, it is really too early to tell to give any concrete results. All we can respond to in that area is the response from the parents and from the community at large. The educational system, the superintendent, the principals have been very excited about the change that they have seen to be added to and toward education of these youngsters who we started working with in the 7th grade who are now in the 9th grade.

Their attitude toward learning, their interest in careers, their career expectations have all changed significantly as a result of the exposure that they have had to information and to mentors and to people in higher education and in the business and professional world.

This is a community, as you well know, where it is very economically depressed. The attrition rate from a freshman in high school to a senior in high school was over 50 percent when we first started working with this. We are hopeful to see that change. We are trying to change in attitude, change in culture and have people begin thinking and raise their horizons. We think that's very important, not only for education as a whole but for the student aid programs to provide those kinds of incentives.

Senator SIMON. And incidentally, this happens to be an all-white community. When communities are economically depressed—we tend to focus on the black or hispanic communities because it is easier to gauge that economic depression. But I don't care what the ethnic makeup of the community is. If it is economically depressed, you tend to have the same kind of drop-out rates, the same kind of failure to move ahead.

The suggestion has been made that we alter the loan system and the administration apparently is going to be giving us some kind of recommendation on that. I would be interested in your reaction to what you have heard any which way. You do not have a specific proposal before us yet.

Mr. MATEJKA. I will—the specific proposal is difficult to comment to in detail, but I would lend my support to a revisiting of the structure of the student loan program. I think a lot of the things that we are doing right now can be improved upon. Perhaps a total overhaul is not necessary but obviously some major modifications need to occur.

Referencing Mr. Slayton's observations earlier about a few years ago students in Illinois had to go to the bank and sit down and visit with that lender prior to taking a loan, philosophically I am in the same league with him. I am very concerned about something we've lost.

One of the reasons Illinois has a low default rate compared with the rest of the Nation, I firmly believe, is a result of the history that we have of the individual community bankers being involved in the program to the degree that they have been and the strong support—we have over 1,100 lenders in this State that are firmly committed and strongly support the program and provide counseling when given the opportunity.

I think it's also a result that the strong commemorative from Illinois educational instutitions, where they have spent time in predisbursement counseling and exit interviews to encourage students to their responsibilities, and as a result we have profitted.

But I guess I would go back to one other area that says the loan programs need to be revisited and I think this not only applies to the guaranteed loan program but all of the programs as well.

And the word you used earlier, Senator, was quality. We need a commitment to accountability in quality education to make sure that the student who is experiencing the postsecondary educational program, be that a proprietary school or 4-year college and university or graduate program, is, in fact, receiving the benefit of the educational experience as it is a quality program, because without that, all the things that we are talking about are not going to benefit society in the long run.

Senator SIMON. Yeah. We are in agreement on that.

Clarence Parks in his testimony mentioned he received the maximum Illinois State grants, $3,500 a moment ago to Knox College. But there are still a few states that are not—you know, don't have programs. If Clarence Parks came from Nebraska he wouldn't have that $3,500.

Mr. MATEJKA. That's right.

Senator SIMON. Is there anything we can do to encourage other states to do what Illinois has done?

Mr. MATEJKA. That's a very difficult question, Senator. The State of Illinois has historically since 1957, as you well know when you were in the legislature, had an incredibly strong commitment to access and choice in Illinois postsecondary education. The old State student incentive grant program that was funded by the Federal Government provides us with essentially $3.5 million a year which we are supposed to match. We have $185 million from State dollars

going into that program. We have obviously overmatched. Many states do not do so.

If there could be—and this is a double-edged sword, but if there could be some incentives or perhaps some penalties that would be imposed where there is not an adequate support from the individual State, perhaps that would provide the incentive for them to move forward.

We have been extremely fortunate, and as Clarence well knows with the $3,500 maximum award, a $2,300 Pell award, that goes a long way to covering the cost of education in Illinois, but many of our contiguous states even do not have programs of that magnitude.

I would be supportive of working with you in trying to identify other ways that that could be transported to other States, not our dollars but the concept, and we would be pleased to work with you on that.

Senator SIMON. Clarence Parks, it was interesting you want to go into the public health field.

Mr. PARKS. Yes, that's correct.

Senator SIMON. Public health service. One of the difficulties you may encounter, you said you may have to borrow money to go to medical school. I hate to tell you, you are going to have to borrow money to go to medical school. But it is—as you pile up these debts, one of the things that the loan programs do is they also skew what we do. By the time you get through medical school, you may not feel you can afford to go into the public health service. That's one of the problems that we face.

The other point you made, you talked about your activities, that you are able to handle your course load and still make a contribution to the campus community through these organizations. But there is a reverse on this, isn't there? You have also learned through participation in all of these things; is that correct?

Mr. PARKS. That's true. If it wasn't for the financial aid or the Stafford or the Pell Grant or some of the other grants, I wouldn't have been able to afford that opportunity.

Senator SIMON. And I remember, my first year at college I worked thirty-five hours a week and I was in all those courses, but I wasn't participating as you have, and I just didn't get that much out of my first year of college.

Now, it's great to say, you worked, earned your way through college and all that. But I didn't get as much out of that college as I might have.

If you could just make one improvement in the student aid program—same question I gave to two of the other witnesses—what would it be?

Mr. PARKS. Without a doubt it would be to probably increase the grant appropriation, less emphasis on the student loan.

Senator SIMON. OK, and I might add on there I agree with the importance of that.

On the simplification issue, I always remember we had a hearing on the whole complexity of the forms, and Senator Pell, for whom the Pell Grant is named, leaned over to me and showed me his form and he said "I wouldn't know how to fill this out." We do have to work in that area.

I thank all four of you very, very much for your testimony. It is helpful.

Mr. PARKS. Thank you.

Mr. MATEJKA. Thank you.

Senator SIMON. On our final panel, Robert Beckwith, the Director of Education Policy for the Illinois State Chamber of Commerce, Marlyn Lawrentz, the Director of Professional Practice at Illinois State University, and Jeanne Blackman, a Trustee at the Lincoln Land Community College, who has also been in on the Washington scene a bit, a lobbyist there.

Mr. Beckwith, let's hear from you first.

STATEMENTS OF ROBERT M. BECKWITH, DIRECTOR, EDUCATION POLICY, ILLINOIS STATE CHAMBER OF COMMERCE; MARLYN LAWRENTZ, DIRECTOR, PROFESSIONAL PRACTICE, ILLINOIS STATE UNIVERSITY; AND JEANNE BLACKMAN, TRUSTEE, LINCOLN LAND COMMUNITY COLLEGE, REPRESENTING THE ILLINOIS COMMUNITY COLLEGE TRUSTEES ASSOCIATION

Mr. BECKWITH. Thank you, Senator Simon.

On behalf of the Illinois State Chamber of Commerce we thank you for this opportunity to testify concerning Reauthorization of the Higher Education Act. I am going to abbreviate my comments so they fit within your time range.

The Illinois Chamber is committed to the responsible and efficient development of the human resources of Illinois and supports Illinois Skills 2000.

As director of the Chamber's Education Policy, I am also a member of the Illinois Council on Vocational Education, the Illinois Literacy Council and the Illinois Job Training Coordinating Council.

My 24 years with the Illinois Chamber in serving the business community in behalf of advancing public, nonpublic and proprietary education I believe gives me a broad perspective necessary to reflect on the maintenance of quality, postsecondary education.

As the Illinois Chamber we believe that funding higher education must take into account the Nation's workforce requirements, needs of our developing economy and the economic wherewithal for a person to access a postsecondary education.

Traditional descriptions of higher educational instutitions have become a blur. Public universities increasingly seek private sources of funding. Private colleges seek public funds and students choose to use Federal and State funds for attendance at private, for-profit institutions. Traditional descriptions of private, for-profit schools have also become blurred.

No longer does one description, such as proprietary school or trade school, cover the range of private, for-profit institutions. Many now offer associate, baccalaureate, master and doctorate degree programs which extend over multiple years and prepare students for career fields rather than training them for a specific job.

At the Chamber we believe that the need for a better educated workforce and the students' growing interest in preparing for a career requires a mix of public, private and for-profit institutions

with varied institutional missions, with equal access to resources for students in order to increase diversity, choice and productivity in American higher education.

There is a presumption that in the proprietary schools, business considerations will always take precedence over student needs. Often overlooked is that the business' consideration is meeting the student's needs. Without quality education at an affordable price to meet student satisfaction, there would be no business to consider.

We concur with the trial judge in the Marjorie Webster case who said educational excellence is determined not by a method of financing but by the quality of the program.

The Illinois Chamber encourages Congress to look during this reauthorization at issues of program quality, institutional integrity and student protection in all sectors of education. Serving the needs of future students and future employers in Illinois will require an efficient effective allocation of resources. Private, for-profit schools represent an additional source of private educational capital which, together with public and eleemosynary sources, are available to serve these future educational needs.

Proprietary schools are tax-paying organizations. They contribute to the financial resources available to the Nation.

In Illinois there are more than 180 private career colleges and schools which provide education to over 50,000 students a year. Over 18,000 graduate annually.

Because of their improved productivity, each graduate will earn an additional $114,000 in his or her lifetime because of their education.

In addition to over 1,725 employees paying $7 million in State income taxes, private career schools or businesses could also pay taxes to local, State and Federal Governments. The schools pay approximately 100 percent per student in corporate and property taxes, local, State and Federal Government.

If American businesses cannot hire skilled workers, they will either go out of business, export their businesses and jobs to other countries equipped to fill the requirements of skilled workers or import skilled labor.

The student financial assistance programs that Congress fashions would play a major role in determining whether our Nation meets the economic challenges of the future.

For millions of young people, the legislation will also decide whether they have the opportunity to pursue their version of the American dream.

From the 18th century to today, private career schools have performed a vital service for an important part of our population. Private career schools educated a disproportionate percentage of women and minorities than other postsecondary education sectors. Nearly 40 percent of the students in private career schools are minorities and more than half are women. Nearly 45 percent of these students have an income of less than $11,000 and many have no other financial resources.

While 84 percent of private career school students receive Federal financial assistance, the cost of the taxpayer preparing these young men and women for the workforce is frequently substantially lower than the cost of traditional colleges. The Illinois Chamber

of College recommends that in this reauthorization Congress increases its higher education activity and funding in support of students attending the diversity of high quality public, private for-profit and private not-for-profit postsecondary institutions. They are all important to the Nation. They are all important to Illinois.

Thank you very much.

[The prepared statement of Mr. Beckwith follows:]

PREPARED STATEMENT OF MR. BECKWITH

Senator Simon, on behalf of the Illinois State Chamber of Commerce, thank you very much for this opportunity to testify concerning re authorization of the Higher Education Act. My name 'is Robert M. Beckwith, Director of Education Policy at the Illinois Chamber, which has led the statewide business community on education affairs since 1948. We are committed to the responsible and efficient development of the human resources of Illinois, and support Illinois Skills 2000.

It is a pleasure to share this panel with Marlyn Lawrentz, Director of Community Services for Illinois State University; and Gary Davis, the Executive Director of the Illinois Association of Community College Trustees. The Chamber has worked with both of these professionals toward advancing higher education's role in serving students, the community and the work force needs of commerce and industry. We hold a high regard for both of them.

As Director of the Chamber's Education Policy, it has been my responsibility to serve as staff spokesman before the Illinois General Assembly and various education regulatory and policy bodies. I also am a member of the Illinois Council on Vocational Education, the Illinois Literacy Council, and the Illinois Job Training Coordinating Council. Twenty-four years with the Illinois Chamber in serving the business community in behalf of advancing public, nonpublic, and proprietary education has given me the broad perspective necessary to assure the maintenance of quality postsecondary education. It is from this vantage point that I offer these comments.

In Illinois more than 34,000 students fail to graduate from high school each year. Many of those who do graduate find they "are not equipped with the advanced body of knowledge and skills necessary to enter an economically secure position of employment. They are either unaware of their postsecondary educational options or come from families who believe a traditional 4-year college education is the only acceptable postsecondary choice. Upon entering a traditional college environment, many students find it does not match their needs. Nationwide, 30 percent of the students who enrolled in 4-year colleges found they were dissatisfied with the experience. Everyday, newspaper headlines remind us of how critical it is for society to invest in the preparation of a well-educated, skilled work force.

At the Illinois Chamber, we believe that funding of higher education must take into account the nation's work force requirements, the needs of our developing economy, and the economic wherewithal for a person to access a postsecondary education. The current system of funding which allows students to choose the educational institution which best fits their educational goals, provides America with the variety of training and skills to maintain our competitive advantage. Postsecondary education today is in a period of rapid evolution. Traditional descriptions of higher educational institutions are becoming blurred. Public universities increasingly seek private sources of funding, private colleges seek public funds, and students choose to use federal and state funds for attendance at private, for-profit institutions. Traditional descriptions of private for-profit schools have also become blurred. No longer does one description, such as proprietary or trade school cover the range of private for-profit institutions. Not all proprietary schools are so-called "trade" schools. Many now offer associate, baccalaureate, master and doctorate degrees in programs which extend over multiple years and prepare students for career fields, rather than training them for specific jobs. At the Chamber, we believe that the need for a better educated work force and the students' growing interest in preparing for a career requires a mix of public, private, and for-profit institutions with varied institutional missions, with equal access to resources for students, In order to increase diversity, choice, and productivity in American higher education.

We realize that to some, education and profit-making may seem inherently incompatible. Among this group, there is a presumption that in proprietary schools, business considerations will always take precedence over student needs. Often overlooked is that business' consideration is meeting student needs. Without a quality education at an affordable price to meet student satisfaction, there will be no busi-

ness to consider. We concur with the trial judge in the Marjorie Webster case who said, "Educational excellence is determined not by a method of financing, but by the quality of the program."

The Illinois Chamber encourages Congress to look during this reauthorization at issues of program quality, institutional integrity, and student consumer protection in all sectors of education. The real dilemma is how to ensure institutional integrity without denying students access to education of their own choice and without precluding quality institutions from providing needed educational services. A review of criteria which allows institutions to participate in federal student aid programs is in order and should include a reform of the processes of state authorization or licensing, approval of accreditation agencies, and institutional eligibility for participation in student aid programs.

Serving the needs of future students and future employers in Illinois will require an efficient and effective allocation of higher education resources. Private, for-profit schools represent an additional source of private educational capital which, together with public and eleemosynary sources, are available to serve these future educational needs. Proprietary schools do not require institutional funding and, as ding organizations, actually contribute to the financial resources available to the nation.

This economic base comes from more than 180 private career colleges and schools which provide education to over 50,000 students a year. Over 18,000 graduate annually. Because of their improved productivity, each graduate will earn an additional $114,000 in his or her lifetime because of their education.

In addition to over 1,275 employees paying $.7 million state income taxes, private career schools are businesses and also pay taxes to local, state and federal governments. The schools pay approximately $100 per student in corporate and property taxes to local, state and federal governments.

If American businesses cannot hire skilled workers, they will either go out of business, export their businesses and jobs to other countries equipped to fill the requirement of skilled workers, or import skilled labor. In any of these scenarios, America and Americans lose.

The National Center on Education and the Economy in *To Serve Our Future: The Federal Role in Education* reported: "The case for education has been made repeatedly in recent years. It is clear now that a high wage economy depends upon producing high quality goods and services at high levels of efficiency, which cannot be done without a high skilled work force."

—The landmark report *Workforce 2000*, commissioned by the Department of Labor nearly 4 years ago, documented that inadequate skills of American workers are cons training economic growth.

—Last summer, the Commission on the Skills of the American Workforce (CSAW) reported that low skill levels are harming the nation's standard of living. "The choice that America faces," the panel wrote, "is a choice between high skills and low wages. Gradually, silently, we are choosing low wages."

—The American Society for Training and Development estimates that as many as 50 million of today's workers will need additional education and training over the next decade.

—And now, the U.S. Department of Labor's Secretary's Commission on Achieving Necessary Skills (SCANS), is developing recommendations for upgrading the skills of American workers.

Former Secretary of Labor William T. Brock, the Co-Chair of CSAW and Chairman of SCAN's, has been blunt in saying the United States "talks a lot about skilled people being our most important economic resource, but . . . it is clear we are only paying lip service to improving skills and productivity." The reauthorization of the Higher Education Act is a prime vehicle for moving from rhetoric to action.

The student financial assistance programs that Congress fashions will play a major role in determining whether our nation meets the economic challenges of the future. For millions of young people, the legislation will also decide whether they have the opportunity to pursue their version of the American dream.

From the 18th century to today, private career schools have performed a vital service for an important part of our population. In fact:

—Private career schools educate a disproportionate percentage of women and minorities than other postsecondary education sectors. Nearly 40 percent of the students at private career schools are minorities; more than half are women.

—The majority of private career school students are under 24; nearly 75 percent are under 30.

—Nearly 45 percent of these students have an income of less than $11,000, and many have no other financial resources.

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—While 84 percent of private career school students receive federal financial assistance, the cost to the taxpayers of preparing these young men and women for the work force is frequently substantially lower than the cost of traditional colleges.

The Illinois State Chamber of Commerce recommends that in this reauthorization, Congress increases its higher education activity and funding in support of students attending the diversity of high quality public, private for-profit, and private not-for-profit postsecondary institutions.

Thank you.

Senator SIMON. Thank you for your testimony.

Miss Lawrentz.

Ms. LAWRENTZ. Thank you, sir.

I represent Illinois State University in addition to also the National Cooperative Education Association, the Midwest Cooperative Education Association and the Illinois Cooperative Education Association, obviously Title VIII, a formula with which I am sure you are quite familiar. And I am here to speak today on the role of the Federal Government in preparing America's workforce for the year 2000.

I have given you a handout which I believe you have. Is that correct, sir?

Senator SIMON. That is correct.

Ms. LAWRENTZ. I've highlighted that so that will expedite my remarks.

Specifically Title VIII is the single most uniformally agreed upon Federal program specifically designed to prepare America's college students for America's changing workforce needs. It is so completely straightforward and funded by employers without student indebtedness that it's very surprising to hear all the testimony today that so few people are aware of the cooperative education option.

As you are aware, and perhaps others, only 2 percent of the college students in the United States even participate in cooperative education.

Technically defined, co-op is a program which links classroom criteria and curriculum with productive pay supervised work experience in the applied field of one's study.

More informally, cooperative education is a win/win situation. Students win. The average student in cooperative education earns from his or her employer approximately $7,500 per year. Students at Illinois State have earned upwards of $12,000 per semester as a fourth-term cooperative education student. This is not common but it is also not unheard of.

Students gain field experience in their area of study, their GPA increases, their retention increases, graduation rate increases, and we can document that nationally as well as through Illinois State.

Graduates from the Illinois State co-op program as well as national have an 85 percent hiring rate immediately upon following graduation. Employers fight for these students.

Parents are particularly enthusiastic about co-op for one big reason. It is not a need-based program. It is a very exciting program for middle income families. It is an academic program. Any student is eligible to participate, always funded of course by the employer.

Employers use it as a recruiting device. They train students, pretrain them before they employ them.

Last, the Federal Government is also a part of this win/win situation. It is an extraordinary rate of return, approximately 1,600 percent return.

Let me give you an example. Last year alone Title VIII was funded for slightly over $13 million by the Federal Government. Students earned 1.8 billion. Their taxes on that were approximately $225 million, the equivalent of a 1,600 percent return on a Federal investment.

In my estimation and as far as I can understand today, there's nothing quite like that out here. Co-op has been around for a long time.

The reason I'm here is that at Illinois State University we have the good fortune of receiving Title VIII funding. In the mid 80's we had a program that began with no students, or practically no students, 53. After 5 years of Federal support our program increased to over 900 students annually. Salaries started out at somewhere in the range of $33,500 and escalated to $2.5 million.

I don't need to belabor the program because I think you are very familiar with cooperative education. I would like to thank you on behalf of the co-op community for your continuing support for this sort of thing, but it is completely beyond my understanding, Senator Simon, as to why more colleges and universities and legislators do not understand the value of cooperative education, how it bridges higher education with the daily needs of American workforce and how we can prepare for future workforce needs through this cooperative education program.

Senator SIMON. Let me ask you, how many Illinois colleges and universities have cooperative education programs?

Ms. LAWRENTZ. The majority do in one way or another. The reason I say one way or another, many colleges have exclusively and there are colleges and universities that have it in their engineering programs. It is a standard bill of fare through engineering. Increasingly greater numbers of schools are involved in the liberal arts and the fine arts. But as a member of the Illinois Co-Op Association, we actively involve ourselves with about twenty-five schools.

[The prepared statement of Ms. Lawrentz (with attachments) follows:]

PREPARED STATEMENT OF MS. LAWRENTZ

Testimony On The Reauthorization Of The Higher Education Act
The Role of The Federal Government In Preparing America
For The Workforce Needs Of The Year 2000 and Beyond

TOPICS TO BE ADDRESSED IN TODAY'S TESTIMONY

1. The Relationship Between Preparing America for the Workforce Needs of the Future and TITLE VIII Cooperative Education.

2. National Cooperative Education Statistics and Related Co-op Program Values, with specific attention given to:

   - student earnings
   - middle income family benefits
   - return on current federal investment
   - outreach to traditionally underrepresented groups
   - employer acceptance
   - increased student retention and graduation rates

3. Illinois State University Cooperative Education Program History

   - prior to and during TITLE VIII support
   - present situation, absent of TITLE VIII support

DEFINITION OF TERMINOLOGY

COOPERATIVE EDUCATION	A program which links classroom curricula with productive, paid and supervised work experience in a related field.
SUPERVISED WORK	Academically related employment which is directly monitored at the worksite by the employer in accordance with faculty designed expectations.
PRODUCTIVE WORK	Meaningful job activities which directly benefit the employer and correlate with the student's academic classroom learning.

INTRODUCTION AND OVERVIEW

According to AMERICA 2000, An Education Strategy, published by the U.S. Department of Education in April of 1991, "Education is not just about making a living; it is also about making a life." Consistent with this view, cooperative education beneficiaries including students, employers, parents and educators collectively agree... COOPERATIVE EDUCATION is the single most effective mechanism in higher education specifically designed to bridge classroom education with both making a living and making a life in the world of work.

Caterpillar Inc., one of the largest private co-op employers in Illinois, states "We, at Caterpillar, feel the opportunity to learn-while-you-earn is an outstanding way of gaining an education while preparing for life and the responsibilities associated with making a living". Bert Born, Caterpillar Cooperative Education Coordinator, further comments, "We feel that the cooperative education program is a win-win situation for employers, for students and for education in our country."

Documented support for continuing and expanding the relationship between the federal government (TITLE VIII) and higher education in preparing America for the workforce needs of the year 2000 and beyond was prepared by The Coalition for Cooperative Education...please see following page.

COALITION FOR COOPERATIVE EDUCATION

The Coalition for Cooperative Education, representing the National Commission for Cooperative Education, the Cooperative Education Association, and the Cooperative Education Division of the American Society for Engineering Education, urges strong support for Title VIII in the Reauthorization of the Higher Education Act. We have developed recommended changes in the legislative language to maximize effective program development. This will further the federal goal of providing students in higher education with expanded opportunities to participate in cooperative education.

Cooperative education is a program which links classroom curricula with productive, paid, and supervised work experience in a related field. Co-op provides enhanced academic learning, more informed career selection, and results in better prepared professionals graduating from college.

ANNUAL CO-OP STATISTICS

Number of Colleges & Universities	900+
Number of Co-op Students	250,000+
Number of Co-op Employers	50,000
Number of Federal Government Co-ops	14,000
Average Co-op Salary/Student	$7,500
Total Estimated Annual Co-op Earnings on Co-op Earnings	$1,875,000,000
Total Estimated Federal Taxes & Social Security	$225,000,000
Return on Current Federal Investment of $13,175,000/Year for Title VIII	>1600%

No other program offers Title VIII's extraordinary rate of return. Co-op earnings from employers offer financial assistance to all who participate. This is particularly important for students from middle-income families for whom there is great difficulty in meeting the high cost of college. Individual studies show that co-op students have higher grade-point averages, and higher rates of retention and graduation.

With programs in less than one-third of all higher education institutions and with only 2% of students participating, there is considerable room for expansion. Particularly in light of the escalating cost of higher education, fiscal constraint in institution finances, and the burgeoning student debt and default rates, cooperative education should be available to more students. Interest in co-op has increased greatly during the past five years due to the Ad Council's national ad campaign for cooperative education. This campaign, undertaken at the request of the National Commission, has resulted in $150 million of donated advertising, and 400,000 pieces of literature have been distributed to students, parents, high school guidance counselors, and employers. Since the beginning of the campaign, the number of co-op students has increased by 48%.

In order for cooperative education to be available to more students, the federal government must continue and expand Title VIII funding to allow institutions to develop strong programs and increase outreach to traditionally underrepresented groups. Recognizing the importance of Title VIII, the Administration has included funding for Title VIII the FY'92 budget request for the first time in more than a decade. The Congressional support which has maintained Title VIII funding since its inception is crucial to the expansion of access to this vital program.

Co-op can play a critical role in producing graduates with key professional and technical skills. This is especially important for population groups which have not had the advantage of exposure to the wide variety of specialized careers which will be needed to support a strong U.S. economy.

National Commission for Cooperative Education | *Cooperative Education Division of the American Society for Engineering Education* | *Cooperative Education Association, Inc.*

DOCUMENTATION IN SUPPORT OF THE COALITION FOR COOPERATIVE EDUCATION POSITION PAPER

1. "Individual studies show that co-op students have higher grade-point averages and higher rates of retention and graduation."

   - Harley (1985) and Sommers (1986) have shown that approximately 15% more co-op education students persist towards a degree than their non-cooperative education peers.

   - Illinois State University has documented research (Rives, 1990) indicating both higher GPAs and higher starting, post-graduation salaries for their co-ops students. Please see following page.

2. "Co-op provides enhanced academic learning, more informed career selection, and results in better prepared professionals graduating from college"

   - The average GPA of Caterpillar co-ops is 3.3 on a 4.0 scale.

   - Of the last 60 co-op students at Caterpillar, 59 were hired into permanent positions, predominantly in management.

   - Co-op graduate salaries at Caterpillar are $2,4000/year higher than non-cooperative education program graduates.

   - Over 85% of Illinois State University's co-op students are employed immediately following graduation.

3. "No other program offers TITLE VIII's extraordinary rate of return."

   - Illinois State University received $667,270 in TITLE VIII funding during the mid-80's. Student earnings from that period of time to the present have been in excess of $17,000,000.

   - All involved in or related to the cooperative education program are a part of the win-win situation...students (particularly from middle income families), employers, parents, the federal government (all student salaries are taxable) and participating institutions of higher education (first-hand knowledge of workforce needs).

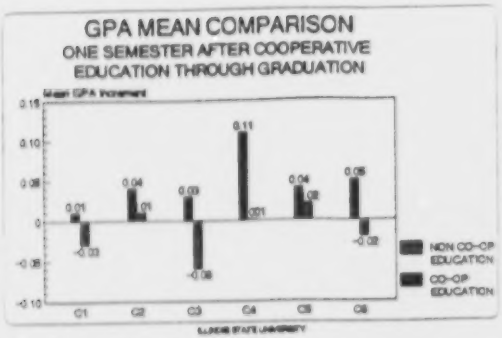


Figure 1. Compares the difference between mean GPA increments of matched Cooperative Education students one semester after the CO-OP experience through graduation by academic department with ACT score as a covariate. N=450, with n=90 per academic department and n=45 per bar.

C1 = Production	= Agriculture and Industrial Science
C2 = A.C.S.	= Applied Computer Science
C3 = Business	= Finance and Law and Marketing
C4 = Social Services	= Psychology and Sociology
C5 = Performing Arts	= Art and Theater
C6 = Average	= Average of Sampling Departments

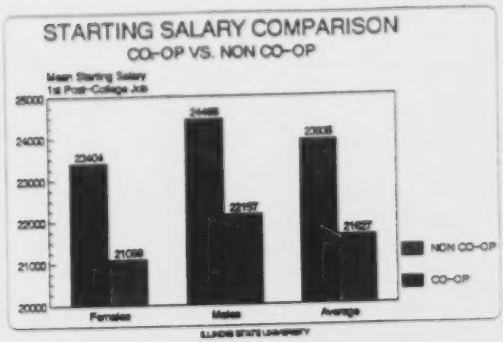


Figure 2. Illustrates the mean starting salary of males and females across GPA, student type, and gender. N=210, with n=102 and 108 for females and males, respectively; n=51 per bar for the former and n=54 for the latter.

ILLINOIS STATE UNIVERSITY
COOPERATIVE EDUCATION PROGRAM HISTORY

Prior to 1982-83 Illinois State University did not have a formalized, university-wide cooperative education program. Two academic departments, Chemistry and Industrial Technology, did however place co-op students with regional employers beginning in 1979.

With the advent of TITLE VIII funding in 1982-83, ISU initiated an institution-wide program which presently enrolls cooperative education students from over 60 different fields of study. Additionally, the institution has become recognized nationally as one of the leading (non-engineering) co-op programs in the United States...due almost entirely to the activities conducted and materials produced during TITLE VIII funding.

The following graphs and tables illustrate historical data associated with the Illinois State University cooperative education program prior to, during and following TITLE VIII. Examples of co-op employers and associated student major fields of study are also provided to acquaint the reader with the immense diversity of placements available to students.

ILLINOIS STATE UNIVERSITY - COOPERATIVE EDUCATION HISTORY

TITLE VIII COOPERATIVE EDUCATION FUNDING HISTORY

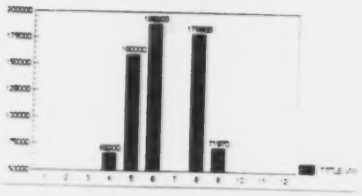


TABLE 3

1.	1979-80	-0-
2.	1980-81	-0-
3.	1981-82	-0-
4.	1982-83	$ 66,200
5.	1983-84	160,000
6.	1984-85	189,200
7.	1985-86	-0-
8.	1986-87	179,900
9.	1987-88	71,970
10.	1988-89	-0-
11.	1989-90	-0-
12.	1990-91	-0-
	TOTAL	$667,270

CO-OP STUDENT EARNINGS HISTORY 1979-1991

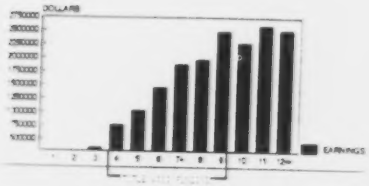


TABLE 4

1.	1979-80	N/A
2.	1980-81	N/A
3.	1981-82	$ 352,403
4.	1982-83	769,899
5.	1983-84	1,042,015
6.	1984-85	1,469,094
7.	1985-86*	1,893,545
8.	1986-87	1,979,458
9.	1987-88	2,504,192
10.	1988-89	2,292,881
11.	1989-90	2,612,180
12.	1990-91**	2,530,629
	TOTAL	$17,446,396

SAMPLE SEMESTER EARNINGS RANGE

$12,000 - High
$ 650 - low

AVERAGE EARNINGS $3,500
PER SEMESTER (non-engineering)

CO-OP PLACEMENT HISTORY 1979-1991

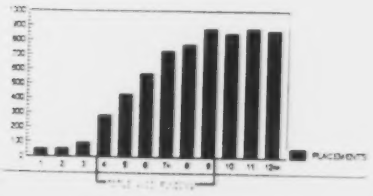


TABLE 5

1.	1979-80	53
2.	1980-81	54
3.	1981-82	96
4.	1982-83	284
5.	1983-84	421
6.	1984-85	570
7.	1985-86*	727
8.	1986-87	772
9.	1987-88	881
10.	1988-89	850
11.	1989-90	883
12.	1990-91**	869

* Non-Title VIII year
** Estimate based on Fall '90 co-op placement data

ILLINOIS STATE UNIVERSITY - COOPERATIVE EDUCATION HISTORY

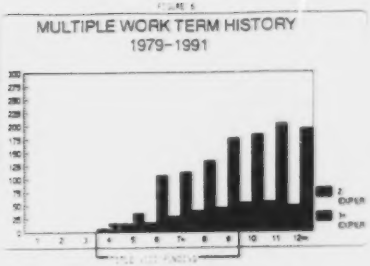


TABLE 6

		2	3+
1.	1979-80	N/A	N/A
2.	1980-81	N/A	N/A
3.	1981-82	N/A	N/A
4.	1982-83	16	6
5.	1983-84	15	16
6.	1984-85	106	17
7.	1985-86*	112	29
8.	1986-87	133	39
9.	1987-88	175	45
10.	1988-89	142	54
11.	1989-90	202	56
12.	1990-91**	193	49

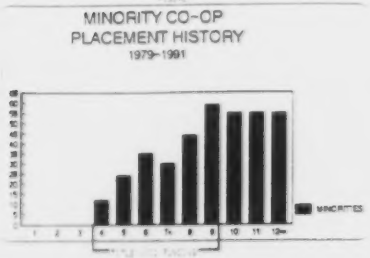


TABLE 7

1.	1979-80	N/A
2.	1980-81	N/A
3.	1981-82	N/A
4.	1982-83	12
5.	1983-84	24
6.	1984-85	15
7.	1985-86*	10
8.	1986-87	44
9.	1987-88	59
10.	1988-89	55
11.	1989-90	55
12.	1990-91**	55

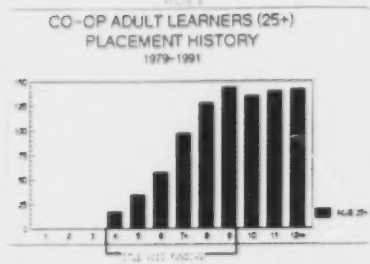


TABLE 8

1.	1979-80	N/A
2.	1980-81	N/A
3.	1981-82	N/A
4.	1982-83	17
5.	1983-84	34
6.	1984-85	57
7.	1985-86*	97
8.	1986-87	128
9.	1987-88	144
10.	1988-89	125
11.	1989-90	140
12.	1990-91**	142

* Non-Title VIII year
** Estimate based on Fall '90 co-op placement data

EXAMPLES OF COOPERATIVE EMPLOYERS AND ASSOCIATED ACADEMIC MAJORS OF PARTICIPATING CO-OP STUDENTS

FEDERAL GOVERNMENT	ACADEMIC MAJORS
ARMY CORP OF ENGINEERS	HEALTH/PE/REC, PSYCHOLOGY
ATTORNEY GENERAL	POLITICAL SCIENCE
BUREAU OF LAND MGT	GEOGRAPHY/GEOLOGY
CENSUS BUREAU	GEOGRAPHY/GEOLOGY
CENTRAL INTELLIGENCE AGENCY	APPLIED COMPUTER SCIENCE, ART
CUSTOMS SERVICE	CRIMINAL JUSTICE
DEPT OF HEALTH & HUMAN SERV	ACCOUNTING, HEALTH SCIENCES
DEPT OF AGRICULTURE	GEOGRAPHY/GEOLOGY
DEPT OF ENERGY	CHEMISTRY
DEPT OF INTERIOR	HEALTH/PE/REC, BIOLOGY
DEPT OF JUSTICE	CRIMINAL JUSTICE SCIENCES
DEPT OF LABOR	HEALTH SCIENCES
DEPT OF TRANSPORTATION	ACCOUNTING
DRUG ENFORCEMENT ADMIN	CHEMISTRY
FEDERAL BUREAU OF INVESTIGATION	POLITICAL SCIENCE
HOUSE OF REPRESENTATIVES	FINANCE AND LAW
OFFICE PERSONNEL MGT	APPLIED COMPUTER SCIENCE
SMITHSONIAN INSTITUTE	HISTORY, PSYCHOLOGY

OTHER NON-FEDERAL EMPLOYERS	ACADEMIC MAJORS
3M	CHEM, IND TECH, FIN/LAW
ALLSTATE	COMP SCI, HEALTH/PE/REC, ART
AMOCO	HEALTH SCI, HEALTH/PE/REC, CHEM
ARGONNE NATIONAL LAB	COMP SCI, HEALTH SCI, BIO
AT&T	IND TECH, COMP SCI, HEALTH SCI, CRIM JUST
BASF CORP	AGRICULTURE
CITICORP	FIN/LAW, COMP SCI, SPEECH PATH/AUDIO
DIAMOND STAR MOTORS	PSYCH, HEALTH SCI
DUPONT	COMP SCI, CHEM
G.E.	COMP SCI, IND TECH, HEALTH SCI, FIN/LAW
G.M.	COMM, HEALTH SCI
IBM	MGT, MKT, EDUC, COMP SCI, ENG, CHEM, IND TECH, FIN/LAW
MCDONNELL DOUGLAS	COMP SCI
MOBIL	CHEM
MONSANTO	COMP SCI
STATE FARM	FIN/LAW, HOME EC, MKT, COMP SCI, ACCT, COMM

STATUS OF ILLINOIS STATE UNIVERSTIY COOPERATIVE EDUCATION PROGRAM DURING TITLE VIII FUNDING

1. A specific long range cooperative education plan was designed, funded and implemented.

2. Over $17,000,000 has been paid in taxable salaries to ISU co-op students by co-op employers. (Figure 4)

3. Student participation increased by quantum leaps during the TITLE VIII grant years (Figure 5).

4. During each successive year of the TITLE VIII funding period, a greater number of students received increased opportunities to participate in additional periods of paid, academically related work experiences (Figure 6).

5. Each year of TITLE VIII funding increased numbers of special population groups (minorities, adult-learners, etc.) were placed in paid, work experiences (Figure 7 and 8).

6. Over 3,500 American employers are associated with the ISU program with approximately 50 new co-op employers being added each year.

7. Additionally, TITLE VIII funds provided Illinois State University with the necessary resources to:

   - prepare increasingly greater numbers of students with the necessary skills to meet today's workforce needs (multiple co-op experiences)
   - target, recruit, counsel and place traditionally underrepresented groups in co-op jobs
   - travel to co-op worksites to supervise students, develop additional worksite opportunities and gain first hand experience regarding current and future American workforce needs
   - produce and distribute co-op marketing materials for students, parents, high school counselors and employers which were specific to the ISU program
   - provide professional in-service co-op training for faculty supervisors enabling them to up-date their knowledge concerning current and future workforce needs
   - increase ISU student retention and graduation rates.

SUMMARY: During the six-year period in which ISU received intermittent TITLE VIII support (1983-88), the institution was able to demonstrate dramatic expansion in all phases of measurable, positive outcome with respect to preparing students for the current and future American workforce needs.

STATUS OF THE ILLINOIS STATE UNIVERSITY COOPERATIVE EDUCATION PROGRAM FOLLOWING TITLE VIII FUNDING

1. All measurable aspects of the co-op program have suddenly plateaued. (See figures 4-8, years 10-12)

2. Students ineligible for financial aid (i.e., middle income families) no longer benefit from receiving ISU co-op materials which were being sent to them discussing co-op as an alternate source of assisting with college expenses.

3. University financial commitment to the co-op program has remained consistent with the final year of TITLE VIII funding. Any administrative or operating increases or decreases for the co-op program have been in direct correlation with other university-wide budget changes.

4. Travel for co-op supervision job development, in-service training and employer on-site interaction activities have ceased.

5. Specific ISU co-op marketing materials for students, parents, high school counselors and employers are not being produced nor distributed due to lack of funds.

6. Traditionally underrepresented groups (minorities, the disabled, adult-learners) no longer receive the same level of co-op counseling and career planning benefits previously available as a result of TITLE VIII funding.

7. Rapid program expansion, experienced during TITLE VIII funding years, is no longer evident. Unfortunately it appears only minimal growth, if any, will occur in the future without additional TITLE VIII support.

SUMMARY: Illinois State University cannot continue to expand its co-op program without further TITLE VIII assistance.

CONCLUSION

The role of the federal government in preparing America for the workforce needs of the year 2000 and beyond is one of responsible and accountable leadership. The American Business community already actively endorses and supports TITLE VIII Cooperative allocation programs as documented by their annual commitment of approximately $1,875,000,000 to student co-op salaries. The federal government must take a responsible leadership role and commit increased funds in support of TITLE VIII of the Reauthorization of Higher Education Act of 1965. No other federal program offers such an extraordinary rate of return, and certainly no other program has a greater impact on today's college students and tommorrow's workforce than cooperative education.

Given the examples of Illinois State University and the dramatic growth evidenced during TITLE VIII funding years, it appears reasonable that similar co-op programs could energize and flourish across the nation with new and/or renewed TITLE VIII support.

Recommended Annual Funding for the TITLE VIII: $45,000,000.

Senator SIMON. Jeanne Blackman, happy to have you here.

Ms. BLACKMAN. Thank you, Senator.

Senator SIMON. Courtesy of Lincoln Land Community College.

Ms. BLACKMAN. Yes, thank you for giving me the opportunity to testify today. I am Jeanne Blackman and in my volunteer life I am a trustee at Lincoln Land Community College and today I am representing the Federal Affairs Committee of the Illinois Community College Trustees Association, which is an organization representing 300 trustees in the public community college system.

Each year community colleges help over a third of a million citizens to reach their educational goals. For those of these students the goal is a productive rewarding job. Since June, 1990, over 1.4 million Americans have lost their jobs. To them the Nation's challenge of retooling the workforce is no abstraction. For them workforce preparation is the difference between employability and poverty. This is why each year our colleges help more than 350,000 people qualify for jobs that will last well into the 21st Century.

Although higher education has been helpful in providing the workforce preparation, other features of the bill have been more prominent. We urge you to restructure this act, make workforce preparation the centerpiece of this legislation. By doing so we believe that you will harness the considerable energies of American community and junior colleges toward the accomplishment toward a tangible and significant national goal.

By doing so you will emphasize to our citizens that our national interest can be met through mutual cooperation and support of business and postsecondary education.

By doing so you will be assured that the lives of millions of citizens will be enhanced significantly as we meet the challenge of economic competition.

The chart over there shows the benefit that comes with securing an associate's degree, an increase of 22.7 percent. Unfortunately we are not educating our citizenry fast enough.

The second chart shows that other nations wages are rising faster than ours. Between 1975 and 1988, Japanese workers' wages increased twice as fast as the wages of the average American.

When inflation is factored into the equation, American wages have actually declined since 1969, as a third chart plainly shows. The purchasing power of a typical American paycheck dropped about 13 percent in 20 years between 1969 and 1989.

We need to invest more in the training of our workers. This last chart shows that while America spends less than 1 percent of our gross domestic product on training, our competitors spend two to eight times as much. As a result, their workers can design and build products we need, products like the Patriot Missile, vital parts that were produced by Japanese technicians.

Senator Simon, community colleges have already created the support structure for the training and retraining of workers to take place. An extensive study was undertaken last year under the title of technology transfer. I will provide you a copy of this report. By giving a priority to workforce training in the Higher Education Act, you will gain the benefit of joining Federal support to our institutions' efforts that are already in place. We can make an imme-

diate and significant impact on the strength of our industries and the lives of our workers.

When Americans are convinced that education is the key to a better and more secure life, they will support an increase in second degree—in higher education.

By starting with the Higher Education Act with an article devoted to job preparation and economic competitiveness, your committee will create support for an effective well-founded education act which will go into the 1990's.

Thank you for the opportunity to testify and thank you very much for your support and hard work on behalf of community colleges. We appreciate it very much.

[The prepared statement of Ms. Blackman (with attachments) follows:]

TESTIMONY PRESENTED TO THE SENATE SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

Monday, May 13, 1991

Springfield College, Springfield, Illinois

Thank you Senator Simon and members of the Committee for the opportunity to testify today. My name is Jeanne Blackman and I am a trustee of Lincoln Land Community College. Today I am representing the Federal Affairs Committee of the Illinois Community College Trustees Association, an organization that represents all 320 trustees of the Illinois public community college system.

Each year Illinois community colleges help over a third of a million citizens reach their educational goals. For most of our students, the goal is a productive, rewarding job.

Since June 1990, over 1.4 million Americans have lost their jobs. To them, the nation's challenge of retooling its workforce is no abstraction. For them, workforce preparation is the difference between employability and poverty.

That is why each year, our colleges help more than 350,000 people qualify for jobs that will last well into the 21st century.

Although the Higher Education Act has been helpful in providing for workforce preparation, other features of the bill have been more prominent. We urge you to restructure the Act. Make workforce preparation the centerpiece of this legislation. By doing so, we believe that you will harness the considerable energies of America's community and junior colleges toward the accomplishment of a tangible and significant national goal. By doing so, you will emphasize to our citizens that our national interests can be met through mutual cooperation and support of business and postsecondary education. By doing so, you can be assured that the lives of millions of citizens will be enhanced significantly as we meet the challenge of economic competition. The attached chart shows the benefit that comes with securing an associates degree.

Unfortunately, we are not educating our citizenry fast enough. The second chart shows that other nations' wages are rising faster than ours. Between 1975 and 1988, Japanese workers' wages increased twice as fast as the wages of the average American.

When inflation is factored into the equation, American wages have actually declined since 1969 as the third chart plainly shows. The purchasing power of the typical American paycheck dropped about 13 percent in the 20 years between 1969 and 1989.

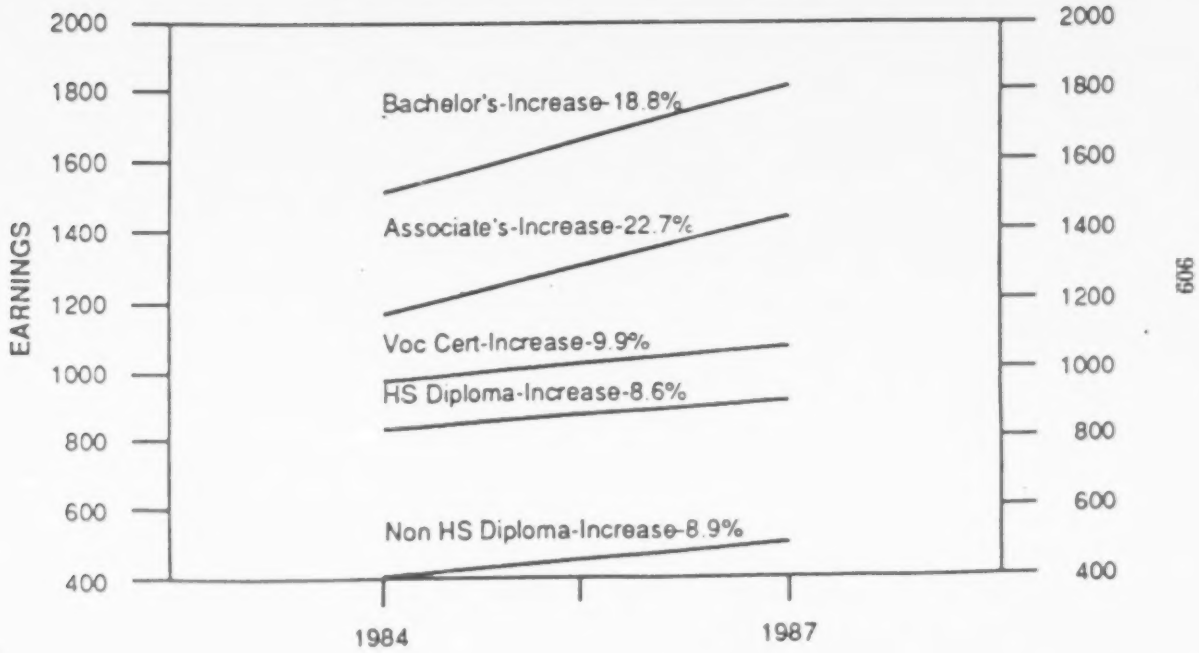
We need to invest more in the training of our workers. The last chart shows that while American spends less than 1 percent of our Gross Domestic Product on training, our competitors spend 2 to 8 times as much. As a result, their workers can design and build products we need, products like the Patriot missile, vital parts of which were produced by Japanese technicians.

Senator Simon, members of the committee, community colleges have already created the support structure for the training and retraining of workers to take place. An extensive study of our efforts was undertaken last year under the title of Technology Transfer. A copy of that report is being provided to you. By giving a priority to workforce training in the Higher Education Act, you will gain the benefit of joining Federal support to our institutions' efforts that are already in place. We can make a immediate and significant impact on the strength of our industries and on the lives of their workers.

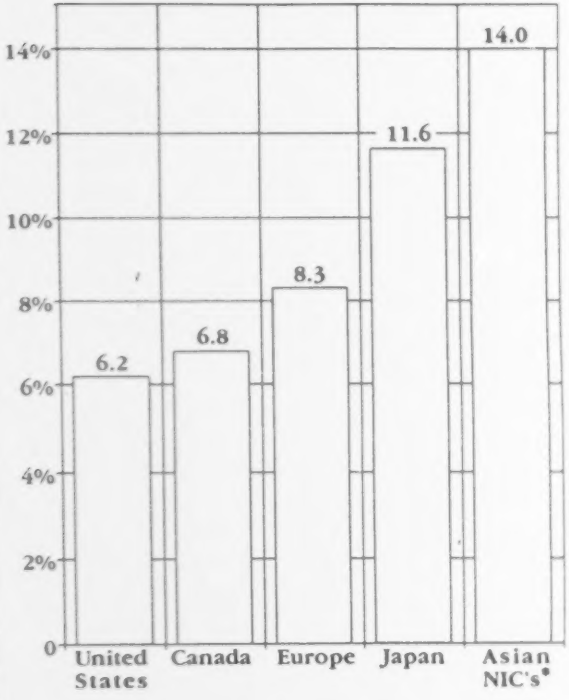
When Americans are convinced that education is the key to a better and more secure life, they will support increased spending for higher education. By starting the Higher Education Act with an article devoted to job preparation and economic competitiveness, your Committee will create support for an effective, well-funded Higher Education Act for the 1990s.

Thank you again for the opportunity to testify!

DIFFERENCES IN AVERAGE MONTHLY EARNINGS BY EDUCATIONAL LEVEL - 1984 & 1987



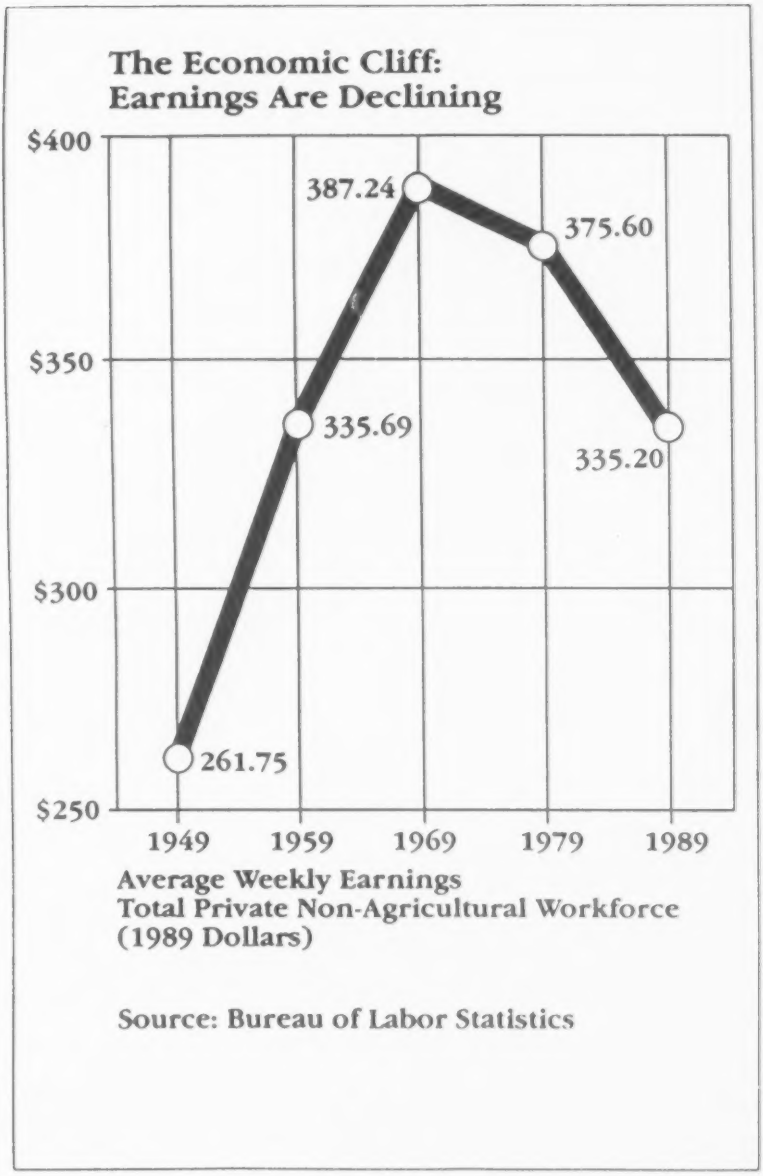
Other Nations' Wages Are Rising Faster Than Ours



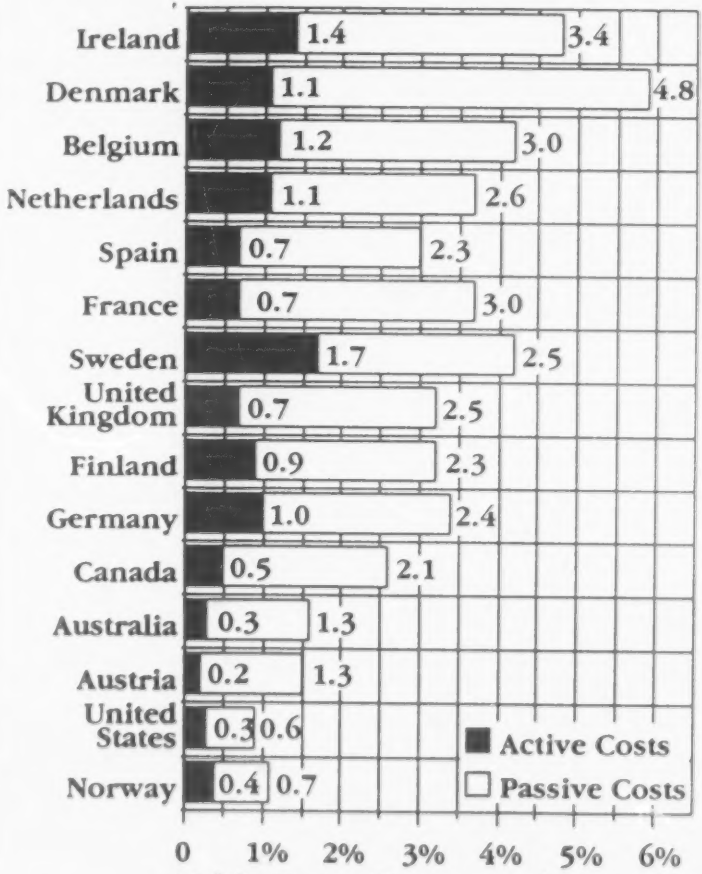
Annual Growth in Compensation for Production Workers in Selected Countries 1975-1988

* The Newly Industrialized Countries of Singapore, Hong Kong, South Korea and Taiwan

Source: Bureau of Labor Statistics


The Economic Cliff:
Earnings Are Declining
$400
$350
$300
$250
387.24
375.60
335.69
335.20
261.75
1949
1959
1969
1979
1989
Average Weekly Earnings
Total Private Non-Agricultural Workforce
(1989 Dollars)
Source: Bureau of Labor Statistics

Other Nations Invest More In Employment And Training Policies



Public Expenditure on Labor Market Programs in 1987 as a % of GDP

*Passive includes mainly unemployment insurance, active includes mainly training and job counseling

Source: Swedish Labor Board

Senator SIMON. I thank you. Thank you for your testimony.

I saw an article in one of the morning papers about the trade deficit. Ultimately you have to pay for a trade deficit just like you have to pay for any other debt. You pay for it in one of two ways, by lowering our standard of living, as the one chart showed, or increasing the productivity of our workers. Clearly the better answer is to increase the productivity of our workers.

I will look forward to reading that folder you are going to give me when this is over. But specifically when you talk about a greater stress on workforce preparation, you mean what, in terms of the statute?

Ms. BLACKMAN. On the training and retraining of the workforce, technology. I could give you a couple examples of the type of things that we are doing at Lincoln Land and outlying districts that could possibly help you.

Senator SIMON. I understand what Lincoln Land and others are doing. I guess what I'm looking for in terms of our reauthorization, and you might talk to your colleagues, I would be interested in how we encourage that technology training and retraining. Retraining is increasingly going to be part of our lives.

Ms. BLACKMAN. Absolutely.

Senator SIMON. Because today's skill is going to be an outdated skill tomorrow. So anything specific that you can get to us I would be very interested in that.

Ms. BLACKMAN. OK, I will get to the community college presidents and see what we can bring you.

Senator SIMON. Great. Miss Lawrentz, I may be incorrect in my impression but the reason I ask you how many Illinois colleges are participating in cooperative education, I have the impression that, for example, the New England region is moving ahead much more rapidly on cooperative education than we are in the midwest. Am I incorrect in that impression?

Ms. LAWRENTZ. You are correct. Historically Northeastern University specifically has been the flagship operation for cooperative education and that whole eastern region is very tied in. The midwest is a little slow in catching up.

On the other hand, if you take industries such as Caterpillar, General Motors out of Detroit and major employers, IBM, Motorolla, are more and more tuned in to co-op than they were five or 10 years, certainly more than 10 years ago. We are catching up not with the east coast and I don't think we ever will be, because there is a history there. What's happening in our region in Illinois and the midwest is people are looking at it beyond just the engineering model, which I think is a major advantage, although only 2 percent of the total college population participates. There is an increasingly greater number of students, even here in Illinois, who are becoming involved in the colleges.

Senator SIMON. Mr. Beckwith, do you want to comment on this?

Mr. BECKWITH. I would be glad to, Senator.

Higher education is becoming significantly more important both to employers and relative to development of the workforce because the job roles are changing today. Jobs are no longer mechanically repeating one task after another. Employers are looking for employees who are critical thinking, who can work independently

from immediate supervisory direction, work as a team. These are unique kind of skills that come across in higher education.

Motorolla, for example, is committed to 100 percent perfection in its product. It reaches out then to those institutions that are developing those people who can function more independently and yet in a team effect. And I think that's why we are seeing more cooperative education at the higher education end and that's why we must invest to continue competing in the world market and do it better than the rest of the world.

Senator SIMON. In your comments, Mr. Beckwith—and I couldn't agree more with what you had to say—unfortunately the media tends to focus on a proprietary school that has abused the trust, and there have been those that clearly have abused the trust.

Ms. BECKWITH. That's right.

Senator SIMON. But in terms of reaching down to minorities and women particularly, and giving them an opportunity to join the middle class, the proprietary schools have really done an exceptional job. There are good schools—and they don't fit into Title VIII, Miss Lawrentz. Arthur Anderson, for example, has a campus in Illinois that is just an astounding example of this.

Mr. BECKWITH. St. Charles.

Senator SIMON. Yes. I have been there. Arthur Anderson, a worldwide organization, spends an average of $7,000 per employee on training each year. You know, this is why Arthur Anderson is successful. You take a look at what they are investing in their employees. It is really amazing.

Any final words of wisdom that the three of you? I understand that there may be others here who would just like to add a word or two, and it will have to be brief but we would be happy to hear from others. First, let me just ask each of you the same question I asked two or three of the earlier witnesses. If you could just do one thing in the Higher Education Act Reauthorization what would you do? Mr. Beckwith?

Mr. BECKWITH. I think I would strengthen the opportunity for more young people to have access to higher education in order to bring them up to the kind of workforce standards you need in the workforce today, which almost requires a college degree of some sort, or postsecondary education. And we've got to be giving attention to that important sector of that education.

I think the Federal Government has a continuing major role and it needs to reemphasize that.

Senator SIMON. At the end of World War II, the average worker in the United States needed a fourth grade education. Today you need on the average a ninth grade education and it's going up constantly.

Miss Lawrentz.

Ms. LAWRENTZ. I would increase Title VIII funding from $17 million to $45 million, specifically based on Caterpillar as one of our major employers, who now hires—has hired 59 of their past 60 co-op students. This is very, very typical of the co-op program.

Increase funding, increase higher education participation, improve our workforce readiness.

Senator SIMON. Miss Blackman.

Ms. BLACKMAN. I would strengthen the link between the economy and education by increasing the funding. I will have to admit that's one of the ways—very difficult for me to say one because I have been an educator in my past life of nineteen years and I see so many places that need changes.

Senator SIMON. All right, thank you, all three of you.

Mr. BECKWITH. Yes, sir.

Senator SIMON. If there are others who want to, we will just have to limit you to about 2 minutes per person. If you want to testify on anything, you can go to the microphone and give us your name and your background. I am going to cut each of you off at 2 minutes, I hate to say. I see you have statements. You are all prepared. We will enter your full statements in the record and we will start with you then.

Ms. Cox. My name is Linda Cox. I am a student at the Cooking Hospitality——

Senator SIMON. Can you spell for the reporter your last name?

Ms. Cox. C-o-x

Senator SIMON. OK.

Ms. Cox. I am a student at the Cooking Hospitality Institute of Chicago. My family and I are residents of Champaign and have been for 9 years. For the past four and a half years my husband and I have owned and operated the Great American Seafood Company, which is a fresh food market in Champaign. We have three children, ages 18, 14 and 9, and they go to the local schools.

I am considered somewhat of an expert cook when it comes to anything that swims but my knowledge of other culinary things is somewhat lacking. Many of my customers have a lot more knowledge of cooking than I have ever had and the best way to increase that was through special training.

I was real excited about the prospect of going back to school and I knew that in the long run it would improve my business. I knew I would need some type of financial aid in order to complete my studies. My husband and I considered ourselves very typical blue collar workers and with three children still in school, additional funds for continuing my education were just not part of our budget.

I was thrilled to find out that my dream of going back to school was not to be erased simply because we did not have the money available. As I was to find out, access to financial aid made a tremendous difference to me. After completing my application process at the Cooking Hospitality Institute of Chicago, I spoke with the financial aid officer who helped me figure out my eligible status. I was able to get the guaranteed student loan and SLS.

Certainly a first——

Senator SIMON. May I ask you the question, if you ask just, how would you like to improve the program?

Ms. Cox. Make it more available, I heard some people say about for the younger ones. Make it for the older ones also. I want my plumber to be just as educated in his field as I want my lawyer to be in his field and I think all technical institutes deserve all the funding that they can get.

Senator SIMON. And your point about older students needing that help is absolutely valid. And I might add, We have been talking about loans and grants.

They had a commission some years ago, called the Grace Commission, that indicated that the government expenses in loans, because we subsidize interest and pay for defaults, are appreciably greater than you initially think. It sounds very good, but the cost long-term is a very substantial one. Yes, if we can have a copy of your statement for the record——

Ms. Cox. Yes, sir.

[The prepared statement of Ms. Cox follows:]

Prepared Statement of Ms. Cox

Senator Simon and members of the Committee, good morning. My name is Linda Cox and I am a student at The cooking and Hospitality Institute of Chicago. My family and I have been residents of Champaign for nine years.

For the past four and one-half years, my husband and I have owned and operated the Great American Seafood Company, a fresh fish market in Champaign. Our children, ages 18, 14, and 9 go to the local Champaign public schools.

About a year ago, I decided I really wanted to go to school to get additional education and training in order to improve the business. Specifically, I wanted to learn more about food preparation and I wanted to be able to better serve my customers. My husband and I are fortunate that our business is doing well and has continued to grow during the last four years, but I felt that it certainly could be better. Going back to school would teach me the skills I needed to expand my knowledge base and improve the business.

Although I was excited about the prospect of going back to school, and knew that in the long run it would improve my business, I knew I would need some type of financial aid in order to complete my studies. My husband and I consider ourselves very typical "blue-collar" workers, and with three children still in school, additional funds for continuing my education were just not part of our budget.

I was thrilled to find out that my dream of going back to school was not to be erased simply because we did not have the money available. As I was to find out, access to financial aid made a tremendous difference to me.

After completing the application process at The Cooking and Hospitality Institute of Chicago, I spoke with a financial aid officer who helped me figure out my eligibility status and explained to me my responsibilities for receiving aid.

Fortunately, I was able to get both a Guaranteed Student Loan and an SLS—Supplemental Loans for Students—to complete my education.

Once all the paperwork was completed, I began the 600 hour course. Twice a week, over the course of one year, I make the two and a half hour commute to Chicago to go to class. The program I am enrolled in is called Professional Cooking. At the end of the year, when I complete the program—which I anticipate doing successfully—I will receive a certificate of completion from the school.

Certainly, your first question would be why don't I just go to the very fine university right in my community. After exploring my options and discussing it with my family, I knew the Institute offered the best and most appropriate education and training for me. And, although the nights I have class my family eats at Taco Bell, they are behind me 100 percent. Of course, five nights a week they get pretty terrific food now that I am constantly learning new things.

I have also been able to offer better service at my own market. I used to feel somewhat inadequate when I couldn't answer my customers' questions, but now I have a great deal more confidence because of the knowledge I am gaining at the Institute. My customers appreciate the effort I make toward educating them about their purchases, and when I complete my course, I will be offering cooking classes to my customers who have been requesting them for years.

Prior to attending the Cooking and Hospitality Institute, I never had any type of post-high school education, but now I feel as if I've learned so much just because of the exposure to this type of learning environment.

I understand that Congress is now considering how it will be handling financial aid, and whether or not students who attend private career schools should be eligible. I would like to say that all students should be able to benefit from the opportunities that a post-high school education has to offer. All students, young or old, attending a career school or a traditional 4-year school, should be able to get the financial aid they need to not only fulfill their dreams but to become more productive members of society.

Thank you.

Mr. STEWARD. Randy Steward.

Senator SIMON. Can you give us your last name for the record?

Mr. STEWARD. S-t-e-w-a-r-d.

Senator SIMON. OK, what's your first name?

Mr. STEWARD. Randy.

Senator SIMON. Randy Steward. OK.

Mr. STEWARD. I am a student at Universal Technical Institute. It is in Glendale Heights. It is a suburb of Chicago. I graduated from high school last year. I came off a family farm outside of Peoria, more around the Galesburg area. I looked around at all the schools around the home and nothing really struck my fancy of what I wanted. I looked around and Universal Technical Institute offered what I was looking for. I went there. I don't commute every day. I had to get housing there. It costs a little more. Through financial aid I was able to afford that. It's given me the indepth training that I was really looking for.

Senator SIMON. What are you studying?

Mr. STEWARD. Automotive and diesel technology. I look for going back home after I get out of school and using that on the farm and getting another job besides. I am still leaning toward the family farm. My family and I looked in depth at all the schools and we found that that was the best school and the financial aid was there for it.

Senator SIMON. All right. And without student aid would you be able to go to that school?

Mr. STEWARD. No, I wouldn't.

Senator SIMON. And with that it means that you are going to be prepared to earn more, pay more taxes, pay my salary.

Mr. STEWARD. Yeah.

Senator SIMON. Well, we appreciate your testimony.

Are there others who would like to just get a word or two in here.

[Additional statements and material submitted for the record follow:]

PREPARED STATEMENT OF MR. STEWARD

Senator Simon and members of the Committee, good morning. My name is Randy Steward and I am a student at the Universal Technical Institute in Glendale Heights in suburban Chicago. I am honored to speak to you today about my education at U.T.I.

Last year I graduated from Galva High School in Galva, IL. Galva, for those of you who aren't familiar with the area, is a small farming community just outside of Peoria, nearly two hours away from Glendale Heights.

My family owns and operates a 680-acre farm in Galva, and that, in part, is why I chose to attend the Universal Technical Institute.

As a high school senior, I knew I wanted to continue working on my family farm once I graduated, but I also knew I wanted to learn skills that I could one day use off the farm. So, my family and I did a great deal of research in order to figure out my best options.

We looked at a number of schools nearby, but none of them really fulfilled my needs, so we started to look a little further out. Fortunately, we learned about the Universal Technical Institute and what it had to offer.

U.T.I. offered a great number of in-depth technical classes. Currently, I am enrolled in the automotive and diesel technology program. After I complete the course (which I anticipate doing successfully), I will receive a diploma in automotive and diesel technology. Not only will my knowledge be useful on the farm, but employers recognize this as a benchmark for entry-level technicians in our field, and it puts

me one step closer to Automotive Service Excellence (ASE) certification. ASE certification is the recognized qualification standard for the transportation industry.

In addition to the full range of classes available, there was a lot of flexibility built into the schedule, allowing me to work part time and complete my education in a timely manner so that I could get back into the workforce and start earning a living.

One important element of my education that is impossible for me to overlook is the financial aid I received which allowed me the opportunity to attend U.T.I. My financial aid includes a Pell Grant and Guaranteed Student Loans.

I realize I am extremely lucky to receive financial aid, yet I also realize financial aid is a necessity for many people who want to secure an education. Once you've made the decision to pursue your education after high school and go further than just an entry-level job, sometimes you need help in order to realize your goals. If you qualify academically, it would be unfair to be denied an opportunity at a better future just because you or your parents are not in the financial position to provide that education for you.

I am well aware the Congress is reconsidering the Reauthorization of the Higher Education Act which determines how dollars will be distributed to students seeking a postsecondary education. As a private career school student who has learned a great deal already—and is looking forward to learning more—I urge Congress to give other students the same opportunity that I have had.

I know I am not only speaking for myself but for others, including my family, when I say that the education we are receiving is worthwhile. It will help not only make our farming lives better, it will have a positive effect on society.

Thank you for allowing me to share my views with you this morning. I would also like to give you a letter from my mother in Galva; she also wanted you to know how important my educational choice was to the family.

Galva, IL, May 13,1991.

SENATOR PAUL SIMON
Committee on Labor and Human Relations

HONORABLE SENATOR SIMON: My name is Joyce Steward and I have a son, Randall, attending Universal Technical Institute in Glendale Heights, IL. I am writing this letter to urge you and your committee not to cut financial aid to vocational institutions and to possibly push for better accreditation for these institutions.

My son, though intelligent, having the ability to receive above average grades, had no interest in attending a 4-year college. He had always had high interest' in mechanics and when he took a mechanical aptitude test he ranked in the upper 90 percentile range. Before testing we thought although he seemed to enjoy working on engines and other mechanical objects, possibly he did not have the aptitude for this type of occupation. After testing we knew he had to further his education in this field. He could have gone to community college but it did not offer him the intensified training he needed and wanted.

We discussed all aspects of attending a vocational institution: Did it give the desired education? What was the cost of the education? Was financial aid available? When Universal Technical Institute filled all these needs-the decision was made. Financial aid was a very large factor in the decision to attend this institution. Had it not been available my son would not have been able to attend; since we would not have been financially equipped to fund his education.

The Higher Education Act of 1965 set aside funds for low-income families to enable their children to further their education; thus giving them a chance to raise their future financial well-being and self-esteem. These funds should be available to vocational institutions as well as state colleges and universities. Not all students want or need a 4-year college education to perform their chosen occupation. Vocational institutions fill this need. Educational training from these institutions make the world go round. If financial aid is cut to these institutions it would have adverse affects on all our lives. Cutting financial aid would return this country to the position that only the financially well-off could further their children's education;and a lot of intelligence and capability would be lost.

Respectively submitted,

JOYCE STEWARD

Chicago, IL, May 9, 1991.

SENATOR SIMON
Senate Sub-Committee on Labor and Human Resources,
Springfield, IL.

DEAR SENATOR SIMON: My son Sam graduated high school last year and had been diagnosed with a learning disability. After high school he was depressed and lost about what to do with his life. He always had an interest in cooking, so we checked out some schools and decided on the Cooking & Hospitality Institute of Chicago. He enrolled in their 6 month professional cooking certificate program.

At the beginning we were afraid he wasn't going to make it because he had difficulty finishing his homework. The school arranged a tutor for him and the teachers were all so helpful that things got much better. They even helped him take his tests verbally because he had trouble reading.

After 6 months, Sam graduated and was a top student. His teachers complemented him on his cooking abilities. He loved the school and his training. He even is thinking of furthering his education. The school assisted him in finding a job and he selected a position for this summer as a resort cook in Barefoot Bay, Wisconsin. I cannot tell you how happy we both are that he received this opportunity.

Sam received a Pell Grant and a Guaranteed Student Loan to help him finance his education. If it wasn't for the Cooking & Hospitality Institute of Chicago, he would still be unhappy and lost. I am very grateful for Sam's happiness at finding a career that he enjoys and that he had the opportunity to go to school.

Very truly yours,

MARIA RIVERA

PREPARED STATEMENT OF MS. PARROTT

On behalf of the students enrolled in the 8 locations of Keller Graduate School of Management and the 9 DeVry Institutes in the U.S., DeVry Inc. is pleased to submit the enclosed recommendations for inclusion in the reauthorization of the Higher Education Act of 1965 as amended.

DeVry Inc. is a nationwide system of institutions of higher education funded with private investment capital. Our more than 25,000 students are enrolled in programs at the associate, bachelor's and master's degree level. All DeVry and Keller institutions are accredited by the Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools. Our institutions provide high quality, career oriented, higher education programs in business and technology to a diverse student population. The average family income of students attending DeVry is between $24,000 and $32,000. Forty-one percent of our undergraduate student population is minority. More specific to the State of Illinois, we are a major educator of minority students in engineering technology and computer information systems. Thirty percent of baccalaureate degrees in computer information systems awarded to black and hispanic students by all colleges and universities in 1988-89 were granted by DeVry. Forty-seven percent of all bachelor's degrees in engineering and engineering related technologies awarded to black and hispanic students in Illinois were conferred by DeVry.

We are committed to providing highly motivated and qualified graduates to meet the nation's workforce needs as evidenced by our undergraduate career development, strategies. and placement assistance efforts. In 1990, 93 percent of DeVry Institute graduates who actively pursued employment were placed in education related positions.

The United States has no greater opportunity with, America's current and future generations then to educate its citizens and train a competitive workforce. This first higher education reauthorization of the 1990's is about investing in the future of this nation.

American higher education faces an increasingly diverse student population that includes higher proportions of minorities, adults with family and work responsibilities, and students with inadequate levels of basic skills. Many believe that our willingness to come to grips with this may signal our country's ability to endure as a world leader.

U.S. students are the beneficiaries of federal student financial aid funds. Federal student aid should be used to support qualified students enrolled in quality educational programs at the varied mix of higher education institutions in this country

without regard to the public, eleemosynary, or private investment capital sources of funding of the institutions.

Equal treatment of students pursuing postsecondary education must be a fait accompli. No student should have less access or less choice based on his/her choice of an authorized accredited and eligible institution of higher education. For this reason, DeVry does not support any attempt to establish separate laws or regulations based on institutional sector. DeVry believes that consistent performance based guidelines should be established to assist all institutions in the sound administration of their educational and financial aid programs. Anything else is as unequal today as it was 37 years ago when the U.S. Supreme Court ruled that separate but equal is inherently unequal.

Our comments focus on the important topic of restoring accountability and integrity in the student aid programs.

No student should have to be concerned about the integrity of an institution of higher education that he or she chooses.

One of the most important issues facing higher education and the nation at large, is how to restore accountability and integrity to the student aid programs without precluding needy students from receiving the education they need and deserve and without preventing quality institutions from providing necessary educational services that foster productive and contributing citizens. The future of this nation depends on an educated workforce.

In the past two years, both the Congress and the U.S. Department of Education initiated rules to restore integrity in the enhanced administration. We believe that these significant initiatives have already reduced exploitation in higher education and the number of future defaults in the student loan program.

We also believe that these preventive measures are more effective and less costly than after the fact punishment. However, the postsecondary education community must remain at the forefront of restoring public and congressional confidence in the federal student aid programs and in our institutions. We believe the solution is within our reach. Equal and fair performance based, not sector based, criteria must be developed and used to determine which institutions should participate in Title IV programs and to determine their level of participation. It is vital that any plan based on performance include the development of effective and equitable criteria and the ability of the Department of Education and others to manage and enforce the plan.

The problems of a few should not erase the continuous service and work of the many. As Senator Nunn's sub-committee staff stated in its February 20, 1990 testimony—"It is important to note early on that while we are convinced that waste, fraud, and abuse exist in the operations of these programs, we are not condemning every individual, agency, or educational institutions associated with these programs. While fraud and abuse involving federal student aid programs has grown substantially, the number of schools, students, lenders, and others involved in this process remain honest. Without the student aid programs, it is undoubtedly true that many Americans would not have been able to better themselves through higher education." The continuation of these vitally needed student aid programs has been weakened by flawed state licensing, accreditation, and federal eligibility, certification, and program review processes.

While we believe the concept of the TRIAD remains sound, it is clear to us that reform, not 'revision of" the TRIAD, is necessary to ensure institutional integrity.

1. Establishment of minimum acceptable standards for federal acceptance of the state authorization/license as a prerequisite for Title IV eligibility.

While the primary function of the state authorization or license may be to protect student consumers and to monitor business practices, under current procedures there is no assurance that this occurs in a consistent manner. The state authorization/licensing process varies substantially from state to state, frequently encroaches in areas more properly governed through the accreditation process, may be fragmented among several agencies within the individual state, and is not subject to any minimum federal standards or guidelines.

Although the state authorization/license is a prerequisite for schools' eligibility to participate in U.S. Department of Education programs, USED has little knowledge of or control over the standards and procedures utilized by the state agencies. Nor does it currently possess the explicit authority to determine what the state authorization/license should represent. Unlike accrediting agencies, which must meet the Department's regulatory standards in order to be recognized by the Secretary, the state agencies are subject to no minimum standards whatsoever. This lack of uniform standards limits the reliance which can be placed on state approval. If the state authorization/license is to represent a meaningful prerequisite for federal in-

stitutional eligibility, it should at very least be subject to some consistent standards of acceptability.

Several critical factors complicate the ability of state agencies to authorize, license and efficiently monitor the myriad postsecondary institutions from all sectors under their jurisdictions. We believe that coordination among the various agencies is critical to assuring proper exercise of the state's licensing and policing functions and to permit the federal government and the accrediting bodies to reasonably rely on the states to carry out their responsibilities. It is our opinion that one person must be held responsible for implementing the state's role.

We believe the Congress should enact a procedure under the Higher Education Act similar to the section 706 deferral process under Title VII of the Civil Rights Act of 1964. Under this process, federal funds would be allocated according to a formula, based on the number of eligible postsecondary institutions in the state, to a single state official, e.g. the State Higher Education Executive Officers (SHEEO). States would be eligible to receive this funding if they met established conditions.

2. Establishment of minimum acceptable standards for federal approval of accrediting agencies used prerequisite for Title IV eligibility.

Kenneth Young, one of the founders of the Council on Postsecondary Accreditation (COPA) and a prolific author on the subject of accreditation, has articulated six major purposes of accreditation: "fostering excellence, encouraging, improvement, assuring public that institutions have appropriate objectives which they are capable of accomplishing, providing technical assistance, encouraging diversity of institutions and programs and protecting institutions from encroachments on academic freedom."

We believe there is a need for the criteria that the Department of Education uses in recognizing accrediting agencies to focus both on the procedure used by the agency in the recognition process, as well as the content of some of the standards set—without raising questions related to federal interference with educational decision-making.

The primary focus of the accrediting bodies related to the eligibility process is to ensure reliable authority relating to the quality of the educational program and the overall quality of the institution through which that program is offered.

The success of the accrediting body to make determinations on educational effectiveness relies largely on the concept of peer review. In order for the accrediting body to carry out its role and maintain its focus of educational effectiveness, it must be reasonable independent of the activities of associations to which its members belong.

3. Establishment of validation criteria in the eligibility, certification, and program review processes of the U.S. Department of Education to assure institutional accountability for the administration of Title IV programs.

On February 14, 1990, the Office of Inspector General issued a paper reviewing the Department's processes for recognizing accrediting agencies, determining eligibility for institutional participation in Title IV funds, and certifying institutions as being administratively and financially capable to participate in federal student assistance programs. The paper identified a number of weaknesses in the Department of Education's processes resulting in institutions inappropriately being determined to be eligible to apply for participation in the programs.

A review of the procedures, however, points out that the current regulations in CFR 668 appear to be sufficient to ensure that eligible institutions who are financially and administratively capable are participating in the student financial aid programs. The data is available to ascertain an institution's effectiveness. Recent additions to the staff have enhanced the Department's ability to make a determination of administrative ability and financial soundness. The remaining 'problem appears to lie in follow-up procedures, whereby the information provided by the institution, which may appear sound on paper during the application process, is never validated until some point down the road when the school could already be in trouble. The procedures are not currently designed to screen out those institutions which should not be participating in the federal programs, nor do they adequately address rapid growth, change in ownership, or provide for timely monitoring of administrative capability and/or financial solvency. Therefore, we propose procedures for the eligibility and certification process which assure that verified documentation and information is used to determine an institution's eligibility and certification for Title IV aid.

The U.S. Department of Education conduct a number of different monitoring activities designed to insure compliance. The Department's program review offices conduct on-site reviews. However, given the large number of eligible institutions and resource limitations in personnel and funds, it is apparent that the Department

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should focus its time and effort on institutions based on objective standard criteria which may suggest risk to the federal student aid programs.

Concerns relative to educational quality, financial stability, and compliance with rules may occur in only one part of the TRIAD. Therefore, it is vital that information is shared and that there is a central depository of such, information.

Our proposals are designed to preserve integrity and to restore public confidence in the student financial aid programs. The solution is to control access to Title IV funds, to properly monitor institutional performance, and to exclude abusers from participation.

Finally, according to Barbara Holmes of the Education Commission of the States—"If the country is to sustain a place of significance in a global economy, an educated workforce drawn from all segments of society and educated to a level higher than that of the current workforce is a key ingredient. To accomplish this, the funding and delivery and accessibility to quality education need to be examined in light of workforce requirements and the nation's economic development needs."

With this reauthorization we must invest in America's children to ensure America's future.

Thank you for this opportunity to provide testimony. Enclosed are DeVry's detailed reauthorization proposals, including legislative language for inclusion in the reauthorization of the Higher Education Act of 1965 as amended.

These recommendations focus on:

—(1) Maintenance of access, choice, and equal educational opportunity.
—(2) Restoration of institutional accountability and integrity.
—(3) Simplification of the student aid delivery system to ensure fair and equitable distribution of Title IV funds to needy students.

Prepared Statement of Mr. Bushaw

Mr. Chairman, members of the panel, and friends, my name is Bill Bushaw. I am the Director of Financial Aid at Western Illinois University, a school with an enrollment of over 13,000 students. Approximately 70 percent of those students receive financial assistance amounting to 26 million dollars annually.

I wish to thank you for the opportunity to present testimony at the Reauthorization Hearings held here in Springfield, IL. I thank you, Mr. Chairman, for your support of higher education and for your initiative here as we embark on the very important business of Reauthorization.

Student aid programs have grown dramatically over the past 30 years. Overall, the programs are fundamentally sound, have merit, and are accomplishing their purpose. Change, nevertheless, is needed. The change I wish to note is not with the programs but with the process and the rules and regulations governing the programs.

Simplified Application Process

The financial aid process is viewed by the public and students as complex and confusing. Indeed the process is overwhelming. Let me give an example.

In 1981-82, the application consisted of 78 questions and 10 pages of instructions with the necessary signatures obtained at the end of the application. In 1991-92, the application contains 118 questions and 13 pages of instructions with the signature confusingly placed mid-way through the application.

It is amazing that individuals ever wind their way through the application process. Furthermore, it is no wonder that a great many applications either contain errors or else are incomplete, particularly with the signature block located mid-way through the application. It is estimated that at least 50 percent of the applications require correction. Moreover, each correction requires a follow-up which is viewed by the student as an unnecessary hassle by the institution.

Less Confusing Definition of Independent Status Needed

The 1986 Higher Education Amendments redefined the Independent student definition. While established with a proper focus, the definition is particularly unwieldy for those under the age of 24 whose dates for documenting resources varies by year assistance was first received. Currently, questions relating to independent status cover two-thirds of a page. If the definition remains unchanged, the number of questions will continue to expand and the application and instructions will become even longer and more complicated.

Revise the Student Contribution Expectation

The student contribution should be derived using a reasonable expectation of available resources and not as a rationing device for the distribution of scarce funds. The current assessment rate of 70 percent on student earnings is an unrealistic expectation of ability to contribute. In addition, the current approach is a strong disincentive for working and in fact, sends a message that it is better not to work.

I have an example to illustrate what has been said. Attached is a letter from the parent of a prospective student. The parent is a single parent making an extremely modest income. The prospective student worked and no doubt helped support the family. In addition, the student will be leaving the job to attend college.

Under the current system, the student is not eligible for as much grant and state scholarship assistance as would be provided to a student from that typical family income level. In addition, any adjustments that could be made would be done after the fact and with still more hassle to the family. Finally, even at that, only more loan or institutional aid would be possible. Needless to say, the student is not enrolling. Also, please note the anger and frustration expressed. Unfortunately, it is misdirected toward the institution. Even more unfortunate, letters of this type are becoming commonplace.

Loan Origination Fee

Much was made a few years ago of a "free" form. Few issues in financial aid have engendered more emotion. Those strongly advocating the "free" form did so because the application fee was a barrier for access to higher education.

Where are those advocates now? Isn't it ironic that a $5.50 fee received so much attention while a fee ranging from $131—$375 has gone unnoticed. It is time we eliminate this fee that takes money out of the pockets of needy students.

Micromanagement of Student Aid Programs

Student aid programs have become overmanaged in recent years. These rules and regulations have been both burdensome and a nuisance. Social policy statements or certifications such as selective service registration, drug usage, and employment eligibility verification complicate the financial aid process, while putting the institution in the role of "policeman." These "add-on" statements are unrelated to financial aid, fail to change behavior, and therefore, should be eliminated.

Likewise, several initiatives in the Stafford Loan Program are burdensome. First, students are particularly annoyed at the recertification process during check disbursement after previously receiving a loan commitment. In addition, no overaward tolerance is all owed similar to other aid programs. Finally, multiple disbursement of loans for enrollment periods of less than 90 days e.g., summer sessions causes cash management difficulties for students.

Each of these examples presents a separate set of problems for students. The first (recertification process) gives the perception that something is being taken away. The second (zero tolerance for Stafford loans) delays funds to students and is costly to administer, particularly for small dollar amounts. Finally, the last (multiple disbursement for short academic terms) reflects a delay of needed funds to students until after two-thirds of the term has expired (mid-term for release by the bank; one week for the institution to process).

Again, thank you for this opportunity to present testimony. There is plenty of work to be done. Good luck and I wish you well as you work on the Reauthorization of the Higher Education Act.

TESTIMONY MAY 13, 1991

SENATOR SIMON, COMMITTEE ON LABOR/HUMAN RESOURCES

SPRINGFIELD, ILLINOIS

BY: J.R. GIBSON, ED.D: PRESIDENT, ILLINOIS MEDICAL TRAINING CENTER

162 N. STATE ST., CHICAGO, IL. 60601

312/782-2061 x 35

SENATOR SIMON, MEMBERS OF THE COMMITTEE, AND ALL THOSE CONCERNED PERSONS BOTH PRESENT AND ABSENT, WE APPRECIATE YOUR LONG STANDING LEADERSHIP IN SUPPORTING THE DISADVANTAGED AND THEIR EFFORTS TO EXTRACT THEMSELVES FROM THE ROLES OF PUBLIC DEPENDENCE, AND WE APPRECIATE THIS OPPORTUNITY TO EXPRESS SOME GRAVE CONCERNS ASSOCIATED WITH THE REAUTHORIZATION OF THE HEA. OUR CONCERNS FOCUS PARTICULARLY ON AND WITH THOSE OF THE IMPOVERISHED FORGOTTON BUT GROWING SEGMENT OF OUR SOCIETY WHO, IN THE FACE OF A DEMANDING PUBLIC NEED FOR THEIR ECONOMIC CONTRIBUTIONS, AS WELL AS THEIR DEEPENING DISADVANTAGEMENT, MAY BE EVEN MORE DEPRIVED OF OPPORTUNITY AND MORE CERTAINLY DENIED ACESS TO THEIR RIGHTS TO EDUCATIONAL ASSISTANCE, ECONOMIC FUTURES AND OPPORTUNITY, IF WE ARE TO JUDGE FROM RECENT ACTIONS OF THE USDE AND THE CONGRESS PREPARATORY TO THE REAUTHORIZATION OF THE HEA. SPECIFICALLY THE "KICKOUT" PROVISION ATTACHED TO THE BUDGET RECONCILATION ACT, BY ITSELF, SPEAKS LOUD AND LONG REGARDING DISCRIMINATING NATIONAL PRIORITIES AND INTENTIONS FOR HUNDREDS OF PRIVATE SCHOOLS AND THE THOUSANDS OF THEIR CLIENTS SEEKING EDUCATIONAL AND ECONOMIC BETTERMENT. THERE ARE MANY PUNITIVE AND DISCRIMINATORY RECENT NEW DEVICES THAT HAVE BEEN CREATED BY THE USDE. THIS IS JUST ONE OF THEM.

AMONG THE IMPOVERISHED MINORITY OF AMERICA AND ILLINOIS, MOST SEEK OPPORTUNITY TO BECOME SELF-SUFFICIENT. SOME ARE ABLE AND WILLING TO PREPARE THEMSELVES FOR A BETTER LIFE THROUGH EMPLOYMENT.

FOR OTHERS, THE DAILY DEMANDS AND FORCES CONTROLLING A LIFE OF POVERTY SIMPLY AND ABSOLUTELY PREVENT THEIR TAKING TIME TO GO TO SCHOOL. THE SYSTEM THAT PUTS THEM IN POVERTY TOO OFTEN PREVENTS THEIR ESCAPE.

FOR THOSE WHO ARE ABLE AND CAN FREE THE REQUIRED TIME FOR TRAINING, THE CHOICE IS VERY OFTEN A PRIVATE CAREER SCHOOL. THIS CHOICE IS SOUND AND SPECIFIC TO THEIR NEEDS AS THEY NECESSARILY SEEK MAXIMUM EMPLOYABILITY IN A MINIMUM OF TIME, AND PLACEMENT IN A JOB - A FORTE OF THE PRIVATE CAREER SCHOOLS THAT PROVIDE 65% OF THE NATION'S TRAINING OF ADULTS FOR WORK.

WHERE ARE THEY ABLE TO FIND THESE SCHOOLS DESIGNED TO MEET THEIR NEEDS? OF COURSE, ITS WHERE MOST OF THEM LIVE - IN THE INNER METROPOLITAN AREAS. THESE PRIVATE CAREER SCHOOLS ARE GEARED TO SERVE A CLIENTELE WHO ARE SIMPLY NOT WELCOME OR ACCEPTED BY THE TRADITIONAL UNIVERSITY AND COLLEGE SYSTEM. AND, AS THESE FORGOTTON CITIZENS WELL KNOW, THE COMMUNITY COLLEGES ARE OFTEN NOT GEARED TO MEET THEIR NEEDS FOR SUPPORT, TIMELY TRAINING AND JOB PLACEMENT.

THE PRIVATE CAREER SCHOOL I REPRESENT IS TYPICAL. WE ARE DESIGNED TO MEET THE UNIQUE NEEDS OF THE IMPOVERISHED AND TO PREPARE THEM FOR TECHNICAL POSITIONS IN THE HEALTH CARE INDUSTRY. OUR SCHOOL ENROLLS 1500 ADULTS EACH YEAR, 98% OF WHOM ARE BELOW THE POVERTY LINE. 90% ARE FEMALE AFRO AMERICANS AND 62% ARE SINGLE PARENTS. THEY AVERAGE 27 YEARS OF AGE AND HAVE A HISTORICAL DE_ PENDENCE UPON PUBLIC ASSISTANCE.

OUR SCHOOL COMPLETES OVER 60% OF ITS ENROLLEES AND CERTIFIES 96% OT ITS GRADUATES IN POSITIONS IN THE INDUSTRY AT STARTING SALARIES AVERAGING $17,000/YEAR. WE HAVE PLACED GRADUATES AT OVER $40,000/YR TO START. THESE RECORDS OF SCHOOL AND STUDENT PERFORMANCE UNEQUALLED BY ANY OTHER SEGMENT OF HIGHER EDUCATION. IF WE TRANS- LATE THIS SCHOOL'S RECORD IN TERMS OF ECONOMICS, ALONE, EACH YEAR

ITS GRADUATES GENERATE AN ESTIMATED 16.3 MILLION DOLLARS IN NEW PERSONAL AND TAXABLE EARNINGS. THESE NEW INCOMES RETURN TO THE FEDERAL GOVERNMENT, IN INCOME TAXES ALONE, APPROXIMATELY 2¾ MILLION DOLLARS, AN ADDITIONAL 1¾ MILLION DOLLARS IN STATE TAXES AND AN ADDED $330,000 IN NEW LOCAL TAXES. ADDED TO THESE 4¾ MILLION DOLLARS IN NEW TAX REVENUES IS AN ESTIMATED 2.9 MILLION DOLLARS OF REDUCTIONS IN GENERAL ASSISTANCE COSTS. IN SIMPLE TERMS, OUR SCHOOL'S GRADUATES ALONE, EACH AND EVERY YEAR FOLLOWING THEIR GRADUATION, REPAY GOVERNMENT A HUGE 7 MILLION DOLLARS - IN RETURN FOR A GOVERNMENT INVESTMENT OF 3¾ MILLION DOLLARS OF TITLE IV PELL AND LOAN FUNDS TO PAY FOR THIER TRAINING. PLEASE NOTE, WE STILL HAVEN'T ADDED IN TO THE EQUATION THE TOTAL OF STAFFORD LOAN REPAYMENTS. IN OTHER WORDS, EVEN IF THE CLIENTS OF OUR SCHOOL WERE IN DEFAULT 100% THE PUBLIC AND TAXING BODIES WOULD STILL GAIN A RETURN ON ITS TITLE IV INVESTMENT OF 100% - EVERY 6 MONTHS, OVER AND OVER AGAIN !

IT IS DIFFICULT TO IMAGINE ANY VALID RATIONALE, OR EVEN A VERY CONVOLUTED RATIONALE, THAT CAN MAKE A REASONABLE ARGU MENT FOR CUTTING TITLE IV FUNDING - OR ELIMINATING THE SCHOOLS THAT PROVIDE THE EMPLOYABILITY FOR THESE PEOPLE SEEKING TO RISE ABOVE POVERTY AND BECOME CONTRIBUTING SELF SUFFICIENT CITIZENS.

BEYOND THESE ARGU MENTS OF ECONOMICS, AS OVERWHELMINGLY PERSUASIVE AS THEY ARE, THERE IS ALSO WHAT WE BELIEVE TO BE AN EVEN MORE DEMANDING OBJECTIVE. THERE IS THE EXHILIRATION OF HUMAN ENTERPRISE AMONG PEOPLE WHO HAVE SUCCESSFULLY UNLOCKED THEIR ECONOMIC CHAINS - AND THOSE OF THE THOUSANDS OF CHILDREN DEPENDENT UPON THEM AND THEIR LIFE STYLE - WHO MAY THEN NOT BECOME ANOTHER GENERATION IN THE POVERTY CYCLE, OR THE DRUG CYCLE, OR CRIME CYCLE.

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THESE ARGUEMENTS, AS WE SAID PREVIOUSLY, ARE PERSUASIVE. INDEED, THEY ARE ABSOLUTELY UNDENIABLE AND ABSOLUTELY CONCLUSIVE TO ANY ONE OR BODY OF REASON. AND, THEY REQUIRE NOT MORE THAN 2 OR 3% OF THE FINANCIAL EFFORT PUT FORTH TO ASSIST THE PEOPLE OF KUWAIT AND IRAQ. THESE ARE OUR OWN PEOPLE !

ADDED TO THESE ALLREADY INSISTENT CIRCUMSTANCES IS THE SUM AND SUBSTANCE OF THE PACKER REPORT TITLED WORKPLACE 2000 JUST DELIVERED TO CONGRESS, AND THE ILLINOIS OCCUPATION PROJECTIONS FOR 1986-2000 WHICH UNDERSCORES THE VERY SERIOUS SHORTAGE OF AND HIGH PRIORITY NEED FOR QUALIFIED HEALTH CARE WORKERS OF THE KIND OUR SCHOOL PRODUCES; AND THE PRIORITIES SET FORTH BY THE ILLINOIS BOARD OF HIGHER EDUCATION, THREE OF THE FOUR OF WHICH CALL FOR GREATER ACCESS TO HIGHER EDUCATION BY THE MINORITY SEGMENTS OF OUR SOCIETY; AND THE SUBSTANCE OF THE 14TH AMENDMENT TO THE CONSTITUTION THAT IS ROUTINELY VIOLATED BY SCHEMES AND DEVICES AIMED AT SHUTTING DOWN THE SCHOOLS OF CHOICE OF THOSE IN SEARCH OF A BETTER FUTURE; AND THE CATEGORICAL CONTRADICTION BY THE USDE OF ITS OWN SECRETARY'S AND THE PRESIDENT URGENT REQUEST - NO, THEIR DEMAND - THAT BIGOTRY IN HIGHER EDUCATION BE ABRUPTLY ENDED; AND THE PRESIDENT'S OWN NATIONAL PRIORITY CALL FOR FREE AND UNINHIBITED CHOICE OF SCHOOLS AS STATED ON FEB. 6, 1991; AND, ON AND ON.

THE PLANS AND DEVICES BY WHICH THE CONGRESS AND THE USDE INTEND AND HAVE ALLREADY BEGUN TO SHUT DOWN HUNDREDS OF PRIVATE CAREER SCHOOLS, OUR OWN INCLUDED, ON GROUNDS OF AN INCOHERENT LABEL OF "INSTITUTIONAL COHORT DEFAULT RATE", IS NOTHING SHORT OF INCREDIBLE, JUST AS IS THE ILLINOIS DETERMINATION TO CONTINUE DENYING ACCESS TO STATE MONETARY AWARD PROGRAM FUNDS BY ELIGIBLE CITIZENS ON GROUNDS OF SCHOOL CHOICE, ALONE.

SOMEHOW, THESE PLANS AND DEVICES ARE JUSTIFIED BY PROJECTED

"COST SAVINGS" - AND DRIVEN BY WHAT IS CLAIMED TO BE A HEROIC PUTTING TO AN END THE GHASTLY DEMON OF FRAUD AMONG "HIGH DEFAULT RATE SCHOOLS". IT IS PEOPLE, BORROWERS, WHO DEFAULT, NOT SCHOOLS. SCHOOLS HAVE LITTLE CONTROL OVER LOAN PERFORMANCE AFTER A STUDENT LEAVES. A DEFAULT RATE IS A CHARACTERISTIC OF A STUDENT BODY AND ITS CULTURES AND CIRCUMSTANCES, NOT A CHARACTERISTIC OF A SCHOOL. JUST POSSIBLY THE FRAUD, IF ANY HAS BEEN COMMITTED, IS ON THE PART OF A SYSTEM THAT FORCES PEOPLE WHOS CIRCUMSTANCES DISQUALIFY THEM EVEN FOR A CHECKING ACCOUNT, TO TAKE OUT A LOAN, FORCES ADDED TO BY CONVENIENCE ELIMINATION OF LEGISLATED PELL GRANT INCREASES, YEAR AFTER YEAR. WE HAVE TO ASK REALISTICALLY, WHERE HAS THERE BEEN FRAUD? WHAT COULD REASONABLY BE PROJECTED AS A LOAN PERFORMANCE PATTERN AMONG PEOPLE WHO HAVE LIVED IN A POVERTY CULTURE FOR YEARS AND GENERATIONS ? ANY BANKER COULD PROVIDE A REASONABLE PREDICTION.

YES, THERE ARE SCHOOLS AND STUDENTS WHO SET OUT TO DEFRAUD THE GOVERNMENT. AND, YES THEY SHOULD BE SHUT DOWN. BUT, THEY CANNOT BE IDENTIFIED BY AN INSTITUTIONAL COHORT DEFAULT RATE, PARTICULARLY AS REPORTED BY A FED. DEPARTMENT THAT ADMITTEDLY HAS A VERY NOISY DATA BASE AND EVEN WORSE DATA SOURCES. YES, AND THERE ARE BAD SCHOOLS AND PEOPLE COMMITTING FRAUD UNDER THE CLOAK OF RESPECTABILITY IN LOW DEFAULT RATE SCHOOLS, AS WELL.

SENATOR SIMON, THE USDE AND THE CONGRESS ARE NOT ELIMINATING SCHOOLS - AN EFFORT THEY POINT AT WITH PRIDE FOR PUBLIC EDIFICATION; THEY ARE ELIMINATING PEOPLE, AND THE FUTURES OF THOSE PEOPLE AND THEIR CHILDREN, AND THE CONTRIBUTIONS TO SOCIETY THAT THEY CAN AND WILL MAKE IF GIVEN THE OPPORTUNITY.

LET'S CONSIDER THE ONE ALL IMPORTANT BUDGET REDUCTION GOAL OF THE CONGRESS THAT MAY BE DRIVING SOME OF THIS EDUCATIONAL CARNAGE.

(6)

WE"VE ALLREADY POINTED OUT THAT EVERY DOLLAR OF TITLE IV FUNDS INVESTED IN PEOPLE, NO MATTER HOW EXTENSIVE THEIR RATE OF DEFAULT, TWO DOLLARS ARE RETURNED TO THE GOVERNMENT EVERY YEAR. REASON ENOUGH TO VOID SUCH AN OBJECTIVE.

BUT, EVEN IF THE OBVIOUS DIDN'T PREVAIL AND WASN'T CONVINCING, THE CONGRESS SHOULD TAKE NOTE OF AN ILLINOIS STATE BOARD OF HIGHER EDUCATION REPORT THAT STATES DEMAND FOR STUDENT LOANS IN ILLINOIS DROPPED 17% LAST YEAR - A YEAR IN WHICH HIGHER EDUCATION ENROLLMENT GREW BY 4%. NOW, IF WE CAN REASON THAT OTHER STATES HAVE EXPERIENCED SIMILAR REDUCTIONS IN LOAN DEMAND, ISN'T THE CONGRESSIONAL TARGET OF GSL REDUCTIONS ALLREADY IN HAND? AND, IF IT IS, MUST THE FRANTIC TARGETING AND DISENFRANCHISEMENT OF MINORITY PEOPLE IN PURSUIT OF BETTER LIVES AND FUTURES CONTINUE? IS THERE ANY FURTHER NEED FOR THIS CONTINUED DENIAL?

IN 37 YEARS OF EDUCATIONAL SERVICE AND LEADERSHIP IN ILLINOIS, I HAVE RARELY BEEN WITNESS TO SO UNREASONED, UNJUST AND ILLEGAL A DEPRIVATION OF EDUCATIONAL OPPORTUNITY. THERE CAN BE LITTLE DOUBT THAT THE SUITS BEING READIED ON BE HALF OF THE SCHOOLS AND CITIZEN STUDENTS TARGETED FOR ELIMINATION, WILL SUCCEED IF THE 14TH CONSTITUTIONAL AMENDMENT ISN"T REPEALED IN THE INTERIM.

SENATOR SIMON, YOU MUST KNOW THAT WE FEEL VERY STRONGLY ABOUT WHAT IS HAPPENING, THE REASONING OR LACK THEREOF FOR IT, AND HOW THE PLAN IS BEING IMPLEMENTED. IT IS CATEGORICALLY WRONG, AS IS THE MANNER IN WHICH THE USDE IS ATTEMPTING TO DRIVE PRIVATE CAREER SCHOOLS OUT OF EXISTANCE.

WE DO NOT INTEND TO FILE OUR CONCERNS TODAY WITHOUT OFFERING RECOMMENDATIONS. WE URGENTLY RECOMMEND THAT:

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1. PEOPLE WHO TAKE OUT GAURANTEED LOANS BE PERSUED TO REPAY THEM BY ALL LEGAL AND PROPER MEANS INCLUDING INCOME TAX REFUND FORFEITURE, NOTICE TO EMPLOYERS AND TO CREDITORS ETC. IN ACCORDANCE WITH LAW AND CIVIL RIGHTS.
2. PELL GRANTS FOR THE IMPOVERISHED SHOULD BE INCREASED REGULARLY AND MAINTAINED AT A LEVEL EQUIVALENT AT LEAST TO THE AVERAGE COST OF AN ACADEMIC YEAR'S TUITION - AND DENIED FOR TWO YEARS OR MORE TO ANYONE WHO HAS COMPLETED A TRAINING PROGRAM PAID PARTLY OR IN FULL BY PELL FUNDS OR WHO IS IN DEFAULT ON A GSL.
3. WHERE FRAUD IS SHOWN TO HAVE OCCURED BY A SCHOOL OR BY A RECIPIENT OF TITLE IV, WHERE DUE PROCESS IS APPLIED, THAT PERSON OR SCHOOL SHOULD BE DENIED PARTICIPATION IN THE HEA PROGRAMS.
4. PERSONS SHOULD BE IDENTIFIED BY THE FACT OF THEIR DEFAULT.
5. SCHOOLS SHOULD BE IDENTIFIED BY SUCH INSTITUTIONALLY CONTROLLABLE PARAMETERS AS COMPLETION RATES, AND PLACEMENT RATES THAT ARE VERIFIABLE, AND STUDENT RATINGS OF THE SCHOOL, ETC. AND ACCREDITATION ETC.
6. SHOULD THE INSTITUTIONAL COHORT DEFAULT RATE SOMEHOW PERSIST AS A RATING TOOL, THAT DEFAULT RATE SHOULD BE MITIGATED OR ADJUSTED BY A FACTOR DESCRIPTIVE OF THE PROPORTION OF THE SCHOOL'S STUDENT BODY THAT IS PELL-ELIGIBLE OR IMPOVERISHED. I RECENTLY SENT YOU SUCH A RECOMMENDATION WITH RATIONAL AND SUGGESTED ADJUSTMENT FACTORS - AND WILL AGAIN COPY YOU IF YOU WISH.
7. ALL STUDENT LOANS SHOULD BE GAURANTEED AND ISSUED IN A TIMELY MANNER BY THE GOVERNMENT ITSELF, THUS ELIMINATING VERY CONSIDERABLE NOISE, ERROR, WASTE AND COSTS THAT PRESENTLY EXIST IN THE SYSTEM.
8. THE LONG LIST OF DISCRIMINATORY PUNITIVE REGULATIONS AND RE-

(8)

STRICTIONS AIMED SOLELY AT TARGETED PRIVATE CAREER SCHOOLS BY THE USDE, AND WHICH ARE CLEARLY INTENDED TO BE ONLY PUNITIVE, AND WHICH HAVE THE EFFECT OF COSTING STUDENTS MORE IN TUITION; AND WHICH ARE CLEARLY AND CATEGORICALL DISCRIMINATORY, SHOULD BE ELIMINATED IMMEDIATELY.

9. STUDENTS APPLYING FOR GRANTS AND LOANS UNDER THE HEA SHOULD BE ELIGIBLE AND NOT DISCRIMINATED AGAINST ON GROUNDS OF USING THEM IN AN ACCREDITED PRIVATE CAREER SCHOOL.

10. THE UNREASONABLE USDE WITCH HUNT AND HARRASSMENT AIMED AT 400 - 500 SCHOOLS AND THEIR 210,000 PLUS STUDENTS SHOULD BE STOPPED.

11. CITIZENS OF THIS STATE AND COUNTRY SHOULD BE PROVIDED FREE CHOICE OF EDUCATIONAL OBJECTIVES AND THE SCHOOLS THEY FEEL CAN BEST MEET THEIR NEEDS.

12. WHILE WE APPRECIATE YOUR THOUGHTFUL PROPOSALS FOR RAISING NEEDED ADDITIONAL HEA FUNDS (VIA OIL IMPORT TAXES) IT IS OUR BELIEF THAT THE PRIOR NATURE OF HEA FUNDING, TOGETHER WITH THE EXCELLENT AND FAST RETURN ON GOVERNMENT INVESTMENTS IN ITS HUMAN RESOURCES, ESPECIALLY THE DISADVANTAGED, SHOULD LEAVE NO QUESTION ABOUT THE SOURCES OF SUCH FUNDING. WE BELIEVE THAT FIRST DOLLARS AVAILABLE TO LEGISLATURES SHOULD BE EAR-MARKED FOR HEA FUNDING AND ANY QUESTION OF NEW SOURCES OF FUNDING SHOULD RECOGNIZE THE GOVERNMENT PROCEEDS OF HEA FUNDING AND BE ATTACHED TO LESS PRIOR NEEDS. A TAX ON IMPORTED OIL, FOR EXAMPLE, SHOULD MORE PROPERLY FUND ENVIRONMENTAL CLEAN UP THAN IT SHOULD DEVELOPMENT OF THE COUNTIY'S HUMAN RESOURCES FROM WHICH MOST ALL OF ITS OWN WEALTH FLOWS.

IN OCTOBER, 1953, THE SUPREME COURT UNANIMOUSLY INTERPRETED THE LAW TO CLEARLY PROVIDE FOR EQUAL OPPORTUNITY IN EDUCATION ACROSS THE LAND. HERE TODAY 38 YEARS LATER, WE DEBATE MIGHTILY

(9)

ON WHETHER OR NOT SUCH OPPORTUNITY SHOULD BE PROVIDED EQUALLY UNDER THE REAUTHORIZED HEA. OUR TIME WOULD BE BETTER SPENT PROVIDING FULLY AND EQUALLY FOR EDUCATIONAL OPPORTUNITY IN THE INTEREST OF ALL THE PEOPLE AND THE NATION'S FUTURE WELL BEING.

THANK YOU FOR THIS OPPORTUNITY TO EXPLAIN OUR CONCERNS FOR THE FORGOTTEN OTHERS, FOR ECONOMIC DEVELOPMENT THROUGH THE EDUCATION AND EMPLOYMENT TRAINING OF PEOPLE, AND TO OFFER OUR RECOMMENDATIONS. WE ARE AT YOUR DISPOSAL IN ANY WAY THAT MAY ASSIST YOU IN YOUR EFFORTS TO PUT TOGETHER A REASONED HEA PROGRAM, AND WILL BE HAPPY TO ANSWER QUESTIONS AT THIS OR ANY OTHER TIME.

APR 19 1991

Sir, [illegible] 4/25/91

I refuse your Stafford loan so you are only offering 2950.00 in aid. I am sole support for me and my son on 12,000 per year. Now how in the hell do you expect us to come up with 4700.00 per year for 4 years?

My son will NOT be attending Western so you can take his name out of your computer and please refund our 50.00 deposit on his dorm room. I hope you all are happy about dashing to pieces my son's dreams of attending Western. It's your loss because he is an outstanding young man.

STUDENT STATUS

40 VETERAN	NO
41 ORPHAN/WARD	NO
42 LEGAL DEPENDENTS	NO
43 PARENTS CLAIM	YES
	YES

INDEP. STUDENT INFO.

PARENTS' GENERAL INFO.

2 MARITAL STATUS	DIVORCED
3 AGE OF OLDER PARENT	49
4 LEGAL STATE	IL
5 NUMBER OF FAMILY MEMBERS	02
6 TOTAL NUMBER IN COLLEGE	1

VETERANS EDUC. BENEFITS

44 [illegible]	0=NO0
45 [illegible]	0=NO0
46 [illegible]	0=NO0

ASSETS

	PARENTS	STUDENT
CASH, CHECKING & SAVINGS ACCOUNTS	92	500
NET WORTH OF HOME	NO	NO
OTHER	9000	0
	0	0
REAL ESTATE INVESTMENTS	0	0
BUSINESS AND FARM	0	0
	NO	NO

LOAN INFORMATION

	NO
STAFFORD LOAN	
0 STAFFORD LOAN	
0 TOTAL INTEREST	
0 RECENT INTEREST	
0 RECENT LOAN PRINCIPAL	
0 RECENT INTEREST	
0 RECENT GRADE LEVEL	
PLUS	
0 PLUS AMOUNT	
0 PLUS PAYMENT	
0 INTEREST PAYMENT	
0 TOTAL INTEREST	
0 RECENT INTEREST	
0 RECENT LOAN PRINCIPAL	
0 RECENT GRADE LEVEL	

UNDER	GRAD	U-SEM	G-SEM
04 MO	04 MO	04 MO	04 MO
4905	4905	4905	4905
4905	4905	4905	4905

CONGRESSIONAL METHOD NEED ANALYSIS (FOR 9 MONTHS)

DEPENDENCY STATUS: DEPENDENT

ANALYSIS TYPE	REGULAR	DEPENDENT STUDENT
YEAR ANALYZED	1990	1990
TOTAL TAXABLE INCOME	12513	5093
TOTAL UNTAXED INCOME	1680	0
TOTAL INCOME	13993	5093
FEDERAL INCOME TAX	521	776
SOCIAL SECURITY TAX ALLOWANCE	928	545
STATE & OTHER TAX ALLOWANCE	1119	155
MEDICAL & DENTAL EXPENSE ALLOWANCE	0	
EMPLOYMENT EXPENSE ALLOWANCE	2590	
FILING SECONDARY TAXES ALLOWANCE	0	
INCOME MAINTENANCE ALLOWANCE	9700	
TOTAL ALLOWANCES	14568	
AVAILABLE INCOME	---	
CONTRIBUTION FROM TAXABLE INCOME	---	
CONTRIBUTION FROM STATE INCOME	---	
CONTRIBUTION FROM ASSETS	---	
PARENTS' CONTRIBUTION	-575	5023
		5023
CASH, CHECKING & SAVINGS ACCOUNTS	92	500
NET WORTH OF HOME	9000	0
NET WORTH OF REAL ESTATE, INVEST EQUITY	0	0
NET WORTH OF BUSINESS AND FARM	0	0
TOTAL NET WORTH	9092	500
ASSET PROTECTION ALLOWANCE	27000	---
DISCRETIONARY NET WORTH	-17908	500
ASSET CONVERSION RATE	6.0%	55.0%
INCOME SUPPLEMENT	-1074	
		175
ADJUSTED AVAILABLE INCOME	-1649	
CONTRIBUTION	-363	3198 *
NUMBER IN COLLEGE	1	
PARENTS CONTRIBUTION	0 *	

OTHER CALCULATIONS

PARENTS

FROM INCOME	FROM ASSETS	MONTHLY ADJUST 1A	MONTHLY ADJUST 1B
0	0	0	19

PC: 0 SC: 1050 FC: 1050

PELL PROGRAM

PARENTS PORTION	369
STUDENT'S PORTION	778
PEL	1147

U.S. DEPARTMENT OF EDUCATION RELATED COMMENTS

08 U.S.E.D. VERIFICATION REQUIRED: A
110 IVF SENT TO THIS STUDENT.

Senator SIMON. We thank all of you who have testified. Our hearing stands adjourned.

[Whereupon, at 12:02 p.m., the subcommittee adjourned.]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

FRIDAY, MAY 17, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND THE HUMANITIES, OF
THE COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SD-430, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell, Metzenbaum, Simon, Wellstone, Kassebaum, and Jeffords.

OPENING STATEMENT OF SENATOR PELL

Senator PELL. The Subcommittee on Education, Arts and the Humanities will come to order.

We have a panel today on what is called the "triad," the process of accreditation, certification and licensing that determinations institutional participation in our Federal student aid programs. Successful operation of the triad is essential, for in it lies the key to assuring that quality education is a fact of life in all institutions of education.

To my mind, we must have a stronger Federal role in accreditation, certification and licensing, and also a stronger, more diligent monitoring of programs by the Department of Education. We must also have strong, swift action taken against anyone who would cheat students and rob them of a postsecondary education.

Today we look at several other aid programs that have been important to providing educational access and opportunity. These include our graduate education programs, the SEOG, the State Student Incentive Grant program, cooperative education, and a most interesting tuition guarantee program to be offered by Mr. Patrick Taylor.

I believe all of you understand that we hope the presentations will take 5 minutes or so, and your full statements will be inserted in the record as if written. That gives us more time for questions and answers, which I think educate us even more than the statements sometimes.

Let's start off with Ms. Hairston.

STATEMENTS OF ELAINE H. HAIRSTON, CHANCELLOR, OHIO BOARD OF REGENTS, COLUMBUS, OH, ON BEHALF OF STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION; LEONARD M. WENC, DIRECTOR, STUDENT FINANCIAL SERVICES, CARLETON COLLEGE, NORTHFIELD, MN, ON BEHALF OF THE INDEPENDENT COLLEGES OFFICE, AND PATRICK F. TAYLOR, CHAIR AND CEO, TAYLOR ENERGY COMPANY, NEW ORLEANS, LA

Ms. HAIRSTON. Chairman Pell, thank you very much.

I am pleased to testify today on the State Student Incentive Grant Program. I appear before you on behalf of the State Higher Education Executive Officers Association of which I am a member. SHEEO represents the 50 executives of statewide higher education coordinating and governing boards across the Nation. I am also here speaking on behalf of the Ohio Board of Regents, a coordinating body for 75 public and nonpublic colleges and universities in our State.

Before I tell you what I have to say about SSIG, let me take but just one moment to tell you why I am here to day it. I have brought a few friends with me to tell you why. In your packet is a picture of these young faces. These are 6th graders from Dana Elementary School in Columbus, OH. As you look at them, you will see that they represent a variety of races, a variety of sizes, and a variety of boys and girls. These 6th graders tell in one picture two stories: the growing diversity of our Nation's population and the critical need for them to become college educated.

The growth in our population is coming from groups for whom a college education is not a family tradition at a time when the baby boomers are nearing retirement. If we do not draw these students into higher education, we will simply not have the educated work force that this country needs in order to be competitive in the next century.

The SSIG program in my view has a significant role to play in addressing this serious issue. Historically, the purpose of the SSIG has been to stimulate State commitment to need-based aid as a complement to Federal programs. In that regard, it has been highly successful. In 1989-90, for example, the States provided approximately $1.6 billion in direct aid to students.

This apparent success, however, is lessened somewhat because State aid programs, like Federal programs, do not have the purchasing power they once had. Pressed by inflation and other budgetary demands, State aid programs have not increased to the degree needed to counter the costs of higher education generally. The tuition/aid ratio imbalance is even more acute in small, less wealthy States which continue to provide only the minimum amount necessary to qualify for the Federal program.

I understand that there has been talk of abandoning the SSIG program, primarily on the grounds that it has been so successful that it no longer serves as an incentive. I would counter that reinvigoration rather than abandonment may serve the Nation better. We believe the program needs revitalization and new purpose. The mechanism of Federal/State matches is obviously a powerful tool of success. It is also a practical way for the Federal Government to

create a substantial program with limited funds and to set the Nation's student aid agenda.

It is evident that we in higher education must be actively engaged with the schools and communities if we are to help students achieve success. In Ohio, we were led to this conclusion in the early 1980's by two disturbing trends that we witnessed in the 1970's—first, the growing number of college freshmen who were underprepared to handle a collegiate curriculum, especially in such fields as mathematics and composition; and second, the declining participation of large numbers of urban minorities and rural whites.

These students are being discouraged from pursuing a college education for many reasons, including rising college costs, academic underpreparation and the absence of peers who aspire to go to college—in short, the lack of financial, academic and attitudinal access.

We are confronting this complex problem in Ohio and in several other States with a variety of new strategies and programs. These effects have several characteristics which I believe could serve as a model for a national early intervention effort.

Why early intervention? My young friends—the faces that you see in this picture—come from families who do not believe that it is financially possible for their children to go to college and who therefore do little to encourage this aspiration. In order to revitalize this important Federal/State partnership program, we are recommending that SSIG be given a new component—one that focuses on early intervention. This effort would be in addition to continuing the existing program which funds State grant programs.

First, these new efforts involve a great deal of collaboration with local communities. In Ohio, the Ohio Board of Regents has been working with seven major metropolitan areas to develop comprehensive plans among schools, colleges and local community leaders to address this problem.

In other States, like Arizona, formal cooperatives among school systems and colleges and universities have been organized at both the state and local levels to deliver new programs to engage students and parents at an early age. The program relieves heavily on peers and community leaders—not professional educators—to serve as mentors. They organize students into social groups to provide reinforcement. They bring young people onto college campuses at an early age to give them a flavor of what college life is like and to work on their academic skills. They engage parents to provide further support and motivation. In programs like Destination College in Kentucky, Hispanic Mothers and Daughters in Arizona, the Liberty Partnership program in New York, and Project 95 in Mississippi, school and college officials are finding new enthusiasm for collaboration in these non-bureaucractic, grass-roots approaches.

Second, some of these new programs combine a kind of social contract between the students and the State. Some of the best examples can be found in Rhode Island where the fledgling Rhode Island Children's Crusade is signing up students as young as 8 or 9 to be "crusaders"—asking them to promise to finish school and to stay off drugs. In return, the state is establishing a trust fund to pay for future college costs of students joining the "crusade."

Third, these State efforts are unique because they seek to build a political coalition in State capitals to increase public support for education at all levels. In the public's mind, schools and colleges are intimately linked. Simply put, higher education cannot succeed unless the schools are strong; and the schools cannot be strong without the involvement of higher education. Programs like early intervention and school/college collaboration provide concrete ways to bring the systems together. We must be partners; our fates are inextricably linked.

While these programs are now underway in some states, their continuation and success are by no means assured. State governments, as you know, are under considerable financial pressure and new cross-sector efforts are difficult even in the best of times. But with the right incentives, I believe these nascent efforts can be sustained and expanded through the country. With a mix of State, Federal and private donations, State trust funds could be created to help pay the future college costs of the students participating in the program. Support would also be provided by programmatic efforts designed to meet individual state objectives. I know that Senator Jeffords (R-VT) has introduced a bill (S. 585) modeled after the Rhode Island Children's Crusade and other state efforts. We support this as well as similar proposals being discussed.

I can assure you, Mr. Chairman, that the Board of Regents in Ohio and similar boards across the country are deeply committed to improving the success of at-risk children in both schools and colleges.

I know that Senator Jeffords has introduced a bill modelled after the Rhode Island Children's Crusade; we support this as well as similar programs.

In conclusion, Mr. Chairman, the Board of Regents in Ohio and similar boards across the county are committed to improving the success of at-risk children in our schools and colleges. With the Federal Government's help, we will work hard to gain the necessary commitment of governors, legislators, and local community leaders to make the program work. But we need some stimulative help, and the SSIG program is a vehicle to do it.

Thank you for this opportunity to meet with you. I would be happy to respond to your questions and have our association staff in Denver provide follow-up information to the committee.

Senator PELL. Thank you very much, Ms. Hairston.

[Additional material submitted by Ms. Hairston follows:]

SHEEO RECOMMENDATION

State Student Incentive Grants

Revisions

Section 415A(a) of the Act is amended to read as follows:

"(a) Purpose of Subpart—It is the purpose of this subpart to make incentive grants to the States—

"(1) to enable the States to provide grants to eligible students attending institutions of higher education, and

"(2) to enable the States, in partnership with the Federal Government and institutions of higher education, to establish or expand early intervention programs designed to support eligible needy and academically at-risk students in the sixth grade through secondary school, and to make financial assistance available to such students to attend institutions of higher education."

Section 415A(B) of the Act is amended—

(1) by striking "$85,000,000 for fiscal year 1987" in paragraph (1) and inserting in lieu thereof "$100,000,000 for fiscal year 1992,"

(2) by inserting before the period in paragraph (1) "for grants to eligible students under this subpart;"

(3) by redesignating paragraph (2) as paragraph (3);

(A) by inserting after paragraph (1) the following new paragraph:

"(2) There are authorized to be appropriated $85,000,000 for the fiscal year 1992, and such sums as may be necessary for the 4 succeeding fiscal years for grants for each intervention program under this subpart;" and

(5) by striking "paragraph (1)" in paragraph (3) (as redesignated by this subsection) and inserting in lieu thereof "paragraphs (1) and (2)."

Commentary

This would establish an important new authority for the SSIG program, to provide federal matching to encourage states to establish or expand early intervention programs for at-risk secondary students. The new program would be authorized at $85 million in the first year; the first-year authorization for the existing program would be increased from $85 million to $100 million.

An important element of this new authority is the creation of state trust funds to pay for the future tuition assistance costs of the early intervention cohort.

Several states have already established pioneering early intervention programs, based on a commitment to provide low-income students from sixth grade through high school with mentoring, counseling, and special remedial services they need for academic success, including career planning, early assessment of eligibility for federal aid, and the assurance of state assistance to attend college if they graduate from high school. Such a new initiative under the SSIG program would foster a broader effort to develop and expand early identification programs in the states. This would forge a critical link in the expansion of educational opportunities: such programs are based on a growing recognition that the failure to obtain or complete postsecondary education is often attributable to the fact that junior and senior high school students and their parents are unaware of academic prerequisites for college attendance, have inadequate information about the availability of federal student assistance, and lack encouragement to plan for a college education.

Revisions

(Section 415B(a) of the Act is amended—

(1) by inserting "(A)" after the paragraph designation of paragraph (1);

(2) by redesignating paragraph (2) as subparagraph (B);

(3) by inserting after subparagraph (B) (as redesignated by this subsection) the following new paragraph:

"(2) From the sums appropriated pursuant to section 415A(b)(2) for any fiscal year, the Secretary shall allot to each State the amount which bears the same ratio to such sums as the amount allocated under section 1005 of the Elementary and Secondary Education Act of 1965 to the local educational agencies in the State bears to the total amount allocated to such agencies in all States."

(1) Section 415C(a) of the Act is amended by striking "July 1, 1985" and inserting "July 1, 1991."

(2) Section 415C(b)(1) of the Act is amended by inserting "designated in accordance with subsection (a)" before the semicolon.

(1) The matter preceding paragraph (1) of section 415C(b) of the Act is amended by striking "student grants pursuant to a state program" and inserting in lieu thereof "student grants and early intervention activities of a State student incentive program."

Paragraphs (2), (3), and (4) of section 415C(b) of the Act are amended to read as follows:

"(2) provides that student grants will be in amounts not in excess of $4,000 per academic year for attendance on a full-time basis at an institution of higher education;

Commentary

Revisions are also made in the basic SSIG program, which provides grants to states to encourage their continuing commitment to need-based grant aid. Eligibility for the program is based on the state's per capita commitment to need-based aid. Rather than "maintenance of effort," states would have to demonstrate that their commitment to need-based aid rises at least as rapidly as public-sector tuition. The formula proposed will have the effect of encouraging states to consider their tuition and student aid policies in tandem. Given the history of public sector tuition in the 1980s this formula will likely "escalate" the states' efforts in student aid, which was one of the original objectives of the SSIG program.

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"(3) provides for the establishment or expansion of any intervention program for needy and academically at-risk students under which—

"(A) such students, from sixth grade through secondary school will receive advice, mentoring, monitoring, and counselling services; and

"(B) a trust fund will be established to contribute to paying the costs of the early intervention program, including the making of grants to such students who successfully complete the program to enable the students to attend institutions of higher education;

"(4) provides for the selection of recipients of student grants and of participating eligible students in the early intervention program on the basis of substantial financial need determined annually on the basis of criteria established by the state, and approved by the Secretary, together with a procedure for targeting eligible students who participate in the early intervention program to students enrolled in schools receiving assistance by reason of the children counted under section 1005(c) of the Elementary and Secondary Act of 1965."

Paragraph (6) of section 415C(b) of the Act is amended—

(A) by inserting "(A)" after the paragraph designation;

(B) by striking "or of such work-study jobs"

(C) by striking "or work-study jobs" each time it appears, and

(D) by inserting at the end thereof the following new subparagraph:

"(B) provides for the payment of the non-Federal portion of the early intervention program from State funds or from private sources, or both, with specific emphasis on the contributions from participating institutions of higher education within the State,".

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Paragraph (8) of section 415c(b) of the Act is amended to read as follows:

"(8) provides that the average annual increase of state grant dollars to undergraduate students per full-time undergraduate enrollment is not less than the average annual increase in the cost of tuition and fees at public institutions in such state for the three preceding years."

Paragraph (10) of section 415C(b) of the Act is amended by striking "or work-study jobs."

Section 415E of the Act is amended to read as follows:

"EARLY INTERVENTION PROGRAM DEFINED

"SEC.415E. For the purpose of this subpart, the term "early intervention program" includes—

"(1) support services to needy and academically at-risk students from sixth grade through secondary school, including advising, mentoring, counseling and monitoring services;

"(2) selecting and targeting students for such services in accordance with section 415C(b)(4);

"(3) planning and operating the program in collaboration with institutions of higher education and local educational agencies within the State;

"(4) developing and entering into a contract with each student participating in the program setting forth (A) the academic and personal goals the student is to achieve under the program and (B) the grant assistance for attendance at an institution of higher education to be available upon successful completion of the program;

"(5) procedures for evaluating the program assisted under this subpart; and

"(6) Such other service and activities as the state, with the approval of the Secretary determines will contribute to carrying out the purposes set forth in section 415A(a)(2)."

Senator PELL. We will hear next from Mr. Leonard Wenc, director of student financial services at Carleton College, and I believe Senator Wellstone would like to introduce him.

Senator WELLSTONE. Thank you, Mr. Chairman.

I will dispense with any opening introductory remarks about this higher education reauthorization, which I think there is no more important question in the country. But since I have been a teacher my whole adult life, and since most of that time has been at Carleton College, and since Len Wenc is the director of financial aid at Carleton College, I just want to say to Mr. Wenc that I'm really proud that you are here, testifying. I know Len has been an accomplished professional, somebody who people in Minnesota pay very close attention to, somebody who I think has had a real impact on the national debate. So Mr. Chairman, I don't think we could have a better panelist testifying on this than Len.

Thanks for being here.

Senator PELL. Thank you very much.

Senator SIMON. Mr. Chairman, we ought to be able to ask him a few questions about Senator Wellstone, too, while he's here. [Laughter.]

Senator WELLSTONE. Len and I have already talked about this, and the agreement was that I would have a kind introduction if he would not respond to any such questions, especially from the Senator from Illinois—I have warned him about you. [Laughter.]

Senator PELL. Mr. Wenc.

Mr. WENC. We are saving your locker in the stadium, by the way, should you return, Senator Wellstone.

Senator WELLSTONE. I hope not too soon.

Mr. WENC. Mr. Chairman and members of the subcommittee, my name is Leonard M. Wenc. I am director of student financial services at Carleton College in Northfield, MN.

I have spent my entire professional career as a financial aid officer at two liberal arts and sciences colleges in Minnesota. Before coming to Carleton in 1970, I was director of financial aid at Macalester College in St. Paul, MN, assuming that position in the fall of 1965, which coincided with the establishment of Federal student assistance programs authorized by this Higher Education Act.

Thus I speak to you today with over 25 years of observing firsthand how students at private liberal arts colleges benefit from the campus-based programs and the other programs of Federal assistance provided by the 1965 Act.

You asked me to direct my comments toward the SEOG program, describing how it benefits the students served by our set of institutions and how the program might be reshaped to address more effectively the needs of our students.

Mr. Chairman, the key point I wish to leave with you today is that for our kinds of institutions, the SEOG program is a critical part of the total set of financial aid options that students can use to finance their college education.

It is the position of the colleges for whom I speak that (1) the SEOG program be sustained and additional funding provided so that qualified students can receive a financial aid package which enables them to select a postsecondary institution that best meets their educational abilities and career aspirations; (2) an incentive

for persistance be provided; (3) there be authority to transfer funds among the campus-based programs up to 25 percent, as compared to the current 10 percent, in order to promote greater flexibility in meeting the needs of individual students, and (4) the institutional matching be made a uniform 25 percent for the three campus-based programs.

Included as an exhibit with my written testimony are figures that document the role that SEOG plays in the ACM Consortium to which Carleton belongs. Included as Exhibit B on page 10 is a pie chart that illustrates the distribution of aid resources on a national scale by program. I have taken the liberty to indicate the percentage by category at Carleton College. This chart illustrates that the sources of support at institutions such as those for whom I speak differ from national patterns, with Federal campus-based Title IV programs playing a much more important role than that found in other sectors of postsecondary education.

Let me illustrate this by presenting to you three examples of individual student cases that I have brought with me today and which should be at your seats and which are copies of actual financial aid awards and a little synopsis of the types of families that receive these particular financial aid packages.

Approximately one-half of our students at Carleton qualify for need-based grant assistance during the 1989-90 academic year. Twenty percent received SEOG's at an average of $1,464, while the average institutional grant commitment for all need-based awards was $5,400. Please note that all grant assistance at Carleton is awarded based on need.

Our colleges will be hardpressed to sustain their commitment to meeting the full needs of students. We look to the Federal Government to join in a renewed partnership to provide adequate grant support and reduce the danger of students being overburdened with loans.

A major issue that must be addressed in this reauthorization process is to what extent should Federal grant programs be made available to students from middle-income families. A redefinition of the middle-income family to reflect the commitment made in the 1978 Middle-Income Student Assistance Act is in order. The challenge is to ensure a base of Federal grant support that will allow institutions such as those for whom I am speaking to continue to meet the demonstrated need of academically qualified students irrespective of their families' financial circumstances.

This must be done while still recognizing that parents have the primary responsibility for financing their children's education to the extent that they are able.

For the last audited academic year, which is 1989-90, the 14 member institutions of Associated Colleges of the Midwest spent nearly $58 million in institutionally-funded, need-based scholarships and grants. In addition, another $3 million was made available to eligible students in the form of SEOG's, another $5.5 million was received by students in the form of Pell Grants.

These need-based grants, totalling $65.5 million, provided access and choice options for over 11,500 students enrolled during that period. Although SEOG's awarded represented only 5 percent of the total, institutional funds accounted for 87 percent of the total

grant dollars, and 8 percent was received by students in the form of Pell Grants. SEOG awards were an essential part of the total package of assistance.

Mr. Chairman, it is clear to me that institutions for whom I speak will be hardpressed to meet the needs of students without continued and increased funding of SEOG along with funding for other campus-based programs. Among the campus-based programs, the SEOG program plays a critical role in enabling us to assemble a realistic financial aid package for our neediest students.

Again, an example—three of them—is being shared with you today as part of the presentation, and they are available to you on an individual basis.

Thank you.

Senator PELL. Thank you very much indeed.

[The prepared statement of Mr. Wenc follows:]

PREPARED STATEMENT OF MR. WENC

Mr. Chairman and Members of the Subcommittee: My name is Leonard M. Wenc. I am Director of Student Financial Services at Carleton College in Northfield, Minnesota. I recognize my former colleague, Senator Paul Wellstone, and look forward to working with him and with other members of this subcommittee on ensuring that, as a result of the current reauthorization of the Higher Education Act of 1965, access and choice in the pursuit of higher education is a viable option for thousands of qualified students across this land. Such an investment is sound public policy.

I am pleased to have this opportunity to speak in behalf of Carleton and our sister institutions within the Associated Colleges of the Midwest (ACM), the Great Lakes College Association (GLCA), and the Central Pennsylvania Consortium (CPC).[1] If access and choice are to be sustained as the operating principles from which reauthorization issues are considered, we must have a clear understanding of how these principles affect each of the different sectors of higher education in this country. Liberal arts and science colleges need to be at the table as policies affecting the students of this country are determined. These institutions have a demonstrated productivity in preparing future scientists and future faculty members, and in educating citizens for a leadership role in our increasingly global society, professionals urgently needed by our country today.

I have spent my entire professional career as a financial aid officer at two Minnesota colleges. Before coming to Carleton in 1970, I was Director of Financial Aid at Macalester College in St. Paul, Minnesota, assuming that position in the Fall of 1965, which coincided with the establishment of the

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[1] ACM: Beloit College, Carleton College, Coe College, The Colorado College, Cornell College, Grinnell College, Knox College, Lake Forest College, Lawrence University, Macalester College, Monmouth College, Ripon College, St. Olaf College, The College of the University of Chicago; GLCA: Albion College, Antioch College, Denison University, DePauw University, Earlham College, Hope College, Kalamazoo College, Kenyon College, Oberlin College, Ohio Wesleyan University, Wabash College, The College of Wooster; CPC: Dickinson College, Franklin & Marshall College, and Gettysburg College.

federal student assistance programs authorized by the Higher Education Act. Thus, I speak to you today with over twenty-five years of observing first-hand how students benefit from the campus-based programs and the other programs of federal assistance provided through the 1965 Act.

Students are, of course, our primary concern. Programs and policies should be developed and implemented to give students the opportunity for access to a wide range of educational institutions--two-year, state schools, private research universities, as well as liberal arts and science colleges. Students also should have the freedom to make their post-secondary choice based on the optimal potential to realize their talents and career aspirations, rather than merely on financial considerations.

We believe that America's diversity is its strength, and that the student population of our colleges and universities should reflect that diversity, enrolling students from families at all economic levels. Federal programs of financial assistance should not focus aid on a smaller and smaller cohort of students. It is not sound public policy if only the poor (with federal assistance) and the wealthy are able to attend private institutions.

It is in the national interest that students from all income levels have access to the high quality liberal arts education provided by Carleton and its sister institutions in ACM, GLCA, and CPC. Provided as Exhibit A is a chart that reflects, for each of the ACM colleges, the number of financial aid recipients by family income. This chart illustrates that needy students come from all family income groups and are being served by these institutions.

These colleges have high retention rates through graduation and support students in a number of ways to complete their undergraduate education. Their retention rate is about 70% to 80%--far above the national average. These students benefit from this kind of education. They become skilled scientists and professionals who are and will be vital to the national interest. Carleton and its sister institutions are committed to the mission of providing access for economically and racially diverse populations with the talent and inclination to pursue high-skilled professions.

You asked me to direct my comments toward the Supplemental Educational Opportunity Grant (SEOG) Program, describing how it benefits the students served by our set of institutions and how the program might be reshaped to address more effectively the needs of our students. The SEOG program is important as a part of the total set of financial aid options that students can use to finance their college education.

It is our position that:

- the SEOG program be sustained and additional funding provided so that qualified students can receive a financial aid package which enables them to select a postsecondary institution that best meets their educational abilities and career aspirations;

- an incentive for persistence be provided by allocation additional SEOG funds, based on need, for students completing their freshmen year;

- there be authority to transfer funds among the campus-based programs up to 25 percent, as compared to the current 10 percent, to promote greater flexibility in meeting the needs of individual students; and

- the institutional matching be raised to a uniform 25 percent for the three campus-based programs (compared to the current 15 percent for SEOG, 30 percent for College Work Study, and 10 percent for Perkins Loans) as a means of attaining greater leverage for these funds.

Between 1981 and 1991, SEOG funding declined by 11.9 percent. This decline compounded the problems for students in our institutions, especially middle income students, who were not eligible for Pell grants.

For the last audited academic year (1989-90), the member institutions of the ACM spent nearly $58 million in institutionally-funded need-based scholarships and grants. In addition, another $3 million was made available to eligible students in the form of SEOG's; another $5.5 million was received by students in the form of Pell Grants. These need-based grants, totaling $66.5 million, provided access and choice options for the over 11,500 students enrolled during that period (see Exhibit C). Although SEOG awards represented only 5% of the total (institutional funds accounted for 87% of the total grant dollars, and 8% was received by students in the form of Pell Grants), SEOG awards were an essential part of the total package of assistance.

Included as Exhibit B is a pie chart that illustrates by program the distribution of aid resources on a national scale by program. I have taken the liberty to indicate the percentage by category of such support received by students attending Carleton. This chart illustrates that the sources of support at institutions such as those for whom I speak differ from national patterns, with federal campus-based Title IV programs (including College Work Study and Perkins Loans) playing a much more important role than that found in other sectors of post-secondary education.

It is clear to me that institutions for whom I speak will be hard pressed to meet the needs of students without continued and increased funding of SEOG, along with funding for other campus-based programs. Among the campus-based programs, the SEOG program plays a critical role in enabling us to assemble a realistic financial aid package for our neediest students.

For over twenty-five years I have administered programs that allow families opportunities to receive financial assistance so that they can secure the type of education that best fits the educational goals and accomplishments of their sons and daughters. Let me give you some background from my experience of the role SEOG awards have played in my work with students and families.

- Approximately one-half of our students at Carleton qualified for need-based grant assistance during the 1989-90 academic year. Twenty percent (20%) received SEOG's at an average of $1,464; while the average institutional grant commitment for all need-based awards was $5,400. (Please note that all grant assistance at Carleton is awarded based on need.)

- We have 126 students from middle-income families (defined here as parents who have an income between $30,000 and $40,000) who are currently receiving need-based aid at my institution. Of this group, 31 students received SEOG's, for a total of $48,000. This is 5% of the total $935,000 of institutional grant aid received by all eligible Carleton students in this income group.

What would have happened had the SEOG awards not been available for these students? Would we have lost them? I do not know. I do know that we, and our peer institutions, have been stretched to our limit to provide institutional grant support in the last ten years as federal grant assistance has been flat. (See Exhibit D for a ten-year comparison from the GLCA between institutional and federal grant assistance awarded.) Our colleges can no longer continue to expand their commitment. We look to the federal government to join in a renewed partnership to provide adequate grant support and reduce the danger of students being overburdened with loans.

The SEOG program is important to us because it helps us be flexible in meeting the needs of students as individuals. We ask, in this authorization process, that you provide us with even more flexibility to use our professional judgement to determine how the SEOG's can best assist our most needy students, without restricting SEOG awards to Pell grant recipients.

Accordingly, we support the proposal for changes in Pell grant funding submitted by the American Council on Education and other national education associations to this Subcommittee as a part of the reauthorization process.

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I would like to place my discussion of the SEOG program in the larger context of federal student assistance programs. It is our position that it is in the national interest:

- to ensure that Pell grants are available to students from working families so that any student qualified to pursue and complete a baccalaureate degree is provided with both access to higher education and choice among all institutions suitable to maximize the fulfillment of the student's abilities and interests; and

- to require that institutions match the federal grants provided to students with equivalent grants from institutional resources.

A major issue that must be addressed is to what extent should federal "grant" programs be made available to students from middle-income families. A redefinition of the middle-income family to reflect the commitment made in the 1978 Middle-Income Student Assistance Act is in order. The challenge is to ensure a base of federal grant support that will allow institutions such as those for whom I am speaking to continue to meet the demonstrated need of academically qualified students, irrespective of their families' financial circumstances. This must be done while still recognizing that parents have the primary responsibility for financing their children's education to the extent that they are able.

We are all acutely aware of the complexity and the intimidating nature of the financial aid process. The need to pay careful attention to detail and the need to personalize our aid programs lead me and my professional colleagues to maintain close contact with our students and families.

However, regulations have become increasingly burdensome and taken away our ability to spend time with students and their families. It is not uncommon to have our most needy students receive up to seven sources of financial assistance. Such a package might include a Pell Grant, SEOG, National Merit Scholarship, Institutional Grant, Work Study, PTA Scholarship, and a Perkins Loan. Coordinating these resources in order to enable a needy student to enroll is not a simple task, and needless regulatory requirements simply compound an already complex process.

We believe that federal student financial assistance programs would be strengthened, and perhaps made more cost-effective, by tightening the definition of independent status, by attending to the needs of working families (including those of the middle-class), and by simplifying the process of applying for and administering these student assistance programs. We support current proposals to merge the two calculations now needed for Pell and for the campus-based programs.

An excerpt from the Senate Committee Report of September 1965 serves as a timely and cogent reminder of the task that is before us in the process of the 1991 reauthorization:

> *The pressing requirement for fresh, vigorous congressional action in the general field of student financial assistance cannot be emphasized too strongly. Information delineating the continuing upward spiral of the cost of education beyond the high school...and the aggravated plight of students who do not have the means to acquire education, demonstrates in clear terms the extent and depth of the problem. [There] is the continuing shortage of trained, educated persons in many areas. Despite the creation of new programs for the support of highly trained persons in a number of specialized areas.... Such shortages constitute a serious threat to continued technical and scientific progress, to military strength, to every area of research and development, to education itself....*

EXHIBIT A

ACM Colleges Fall 1990

Total First Year Student Enrollment: 5,423

Financial Aid awarded to First Year Students:

Family Income	*Number Applied*	*Number Awarded*
$0-8,999	*140*	*134*
$9,000-17,999	*252*	*246*
$18,000-26,999	*423*	*416*
$27,000-35,999	*506*	*488*
$36,000-44,999	*561*	*537*
$45,000-53,999	*524*	*496*
$54,000-62,999	*451*	*408*
$63,000 and over	*998*	*691*
	3,855	*3,416*

EXHIBIT B

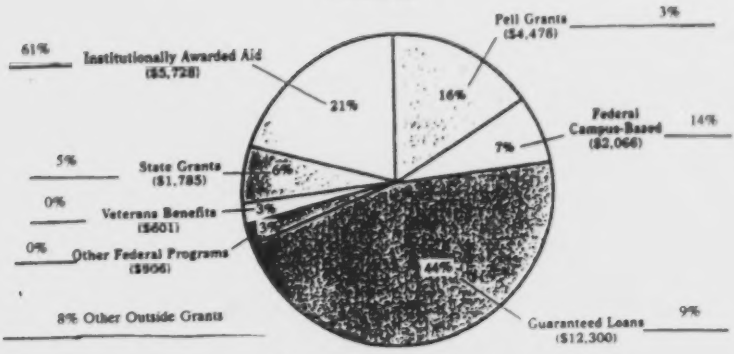
FIGURES AND TABLES

Figure 1
Estimated Student Aid by Source
for Academic Year 1989-90
(Current Dollars in Millions)

Carleton Student Financial Aid

Carleton Student Financial Aid

Total National Student Financial Aid



Total Aid Awarded = $27,860

Carleton = $10.3

"Other Federal Programs" include SSIG, ICL, Military, Other Grants, and Other Loans.

Data from Carleton College Financial Aid Office and the publication: Trends in Student Aid: 1980-1990, College Entrance Examination Board.

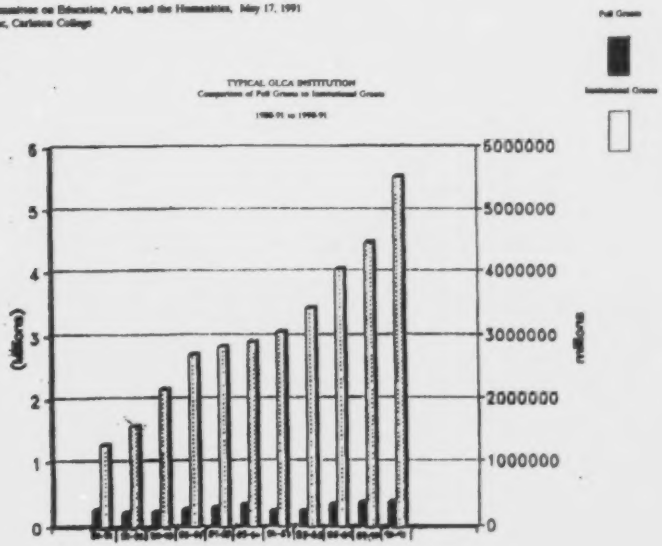
EXHIBIT C

FINANCIAL AID DATA
ACM Colleges 1989-90

Number of Students	Total Institutional Financial Aid	Need-based Aid # of recipients	Federal Aid SEOG Awards Amount	SEOG # of Recipients	Pell Amount	Pell Grants # of Recipients
38,050	$57,941,870	11,535	$3,670,399	2,570	$5,552,206	4015

Senate Subcommittee on Education, Arts, and the Humanities, May 17, 1991
Leonard Wesc, Carleton College

EXHIBIT D



Senator PELL. We now look forward to hearing from Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

I am Patrick F. Taylor. I am a Louisiana and Texas oil man, which makes me especially honored to be here today since I am neither educator nor political leader—a businessman, yes, sir, but most often described as a poor boy who made good.

More than anything else, Mr. Chairman and members, it is that circumstance that brings mere here today, for I was an East Texas boy, born of moderate-income parents, turned out on the streets at age 16, but not turned away from an education.

I stayed in school even when it was difficult, because I knew I had to if I was ever going to be somebody; I had to get an education. No one in my family had ever been to college, true, but I dreamed of being an oil man, and even as a kid, I knew that I had to go to college.

I remember being saddened at the time when I had to leave Texas to do so. But I had heard that Louisiana colleges were cheaper. So I hitchhiked to Baton Rouge, to Louisiana State University, where there was a fine School of Petroleum Engineering that did not charge tuition.

They didn't seem to care that I was poor; they saw that I was qualified. They didn't even care that I came from Texas. They took me in, and they let me stay, and I graduated.

That degree has led to great success for me, and over the years, like others, I have tried to demonstrate my gratitude by helping other young people realize their dreams. But I did grow complacent.

I remember well the beginning of Pell Grants, Mr. Chairman. In fact, I even remember wishing there had been a Pell Grant when I had gone to college. Nonetheless your efforts and other efforts led me to believe that college was available for everyone.

Then in 1988, I found 180 kids who had turned their backs on education—poor, inner-city, twice and thrice-failed 7th and 8th graders who were dropping out of school. My action that day to guarantee their college education if they met my challenge—to stay in school and qualify—was not unique. I later learned that Mr. Lange in New York, Mr. Millner in Atlanta, Mr. Kauffman in Kansas City and others had done it before. Interesting. Every time someone in my position wants to change the behavior of young poor people, we offer the same thing—college—and it always works. But that is no surprise. For over 200 years, the American people have accepted any challenge when coupled with opportunity.

However, it soon occurred to me that these 180, who started calling themselves "Taylor's Kids," were far too many to have grown up in these United States thinking that they were excluded, that college and the success that college brings were literally for other folks. But their immediate transformation made them a special few, a few that represented a whole generation.

So we went statewide. We first prevailed upon our universities to adopt admission standards that would lead our young people to prepare beforehand so that they could succeed in college. Going to college is not the answer; graduating is.

Then we succeeded in passing a unique piece of legislation, referred to as "The Taylor Plan," but in reality a very simple idea. The State of Louisiana would pay the college tuition and fees of any low- or middle-income applicant who met those admission standards.

That was in 1989, and the results are coming in. We now have some 1,300 kids in college in Louisiana under that legislation. They are succeeding at a 95 percent rate—twice the average. More importantly, math, science and foreign language classes in our high schools are filled to overflowing for the first time in our State's history. Now there is a reason for kids to study and learn.

I have been to elementary and middle schools. Kids are motivated, parents are involved, and teachers are teaching with enthusiasm. Our schools are starting to work again.

And yes, we have even crossed State lines. Seven other States have passed similar laws, from Texas to Florida, Oklahoma to Maryland.

Mr. Chairman, members of the committee, I respectfully suggest that you have a unique opportunity to change education in America now. By your actions, you can draw a clear demarcation line between State and Federal responsibility, and forge a State, Federal and private sector partnership to guarantee the future of every child in America, a partnership of hope and opportunity. You can both increase the effectiveness of Pell Grants and reach your original goal, Mr. Chairman, to enable any kid in America to graduate from college if they so desire.

As a business owner I have learned that I can propose and initiate at will, but success depends on the response and efforts of those I seek to influence. So I am well-advised to seek also their ideas. I do have specific suggestions that will be presented to you, but I see that I am using up my time.

Let me conclude with a familiar quote: "The foundation of a free State is the education of its youth." How true. But to educate our youth, we must do more than try to improve schools and teaching. We must first encourage learning. That takes a recognition of the basic desire to succeed, of our people and their children.

Your recognition of that desire would launch a national crusade toward hat should be our ultimate goal—a "Kids' Bill of Rights"—a final guarantee that a full and adequate education is the birthright of all of our children. A bill of rights that would reach and touch the lives of every family, leading very quickly to that last and most important child—the last child ever to born in these United States without the clear and guaranteed opportunity to be anything that child wants to be.

Thank you for your time, Senator.

Senator PELL. Thank you very much indeed.

[The prepared statement of Mr. Taylor follows:]

STATEMENT OF

MR. PATRICK F. TAYLOR

CHAIRMAN AND CEO, TAYLOR ENERGY COMPANY

BEFORE THE UNITED STATES SENATE

COMMITTEE ON LABOR AND HUMAN RESOURCES

SUBCOMMITTEE ON EDUCATION

WASHINGTON, D.C.

MAY 17, 1991

I appreciate the opportunity to submit this statement as a private citizen and to offer to the Committee specific proposals for its review as Congress considers reauthorization of and amendments to the Pell Grant program offering basic educational opportunity grants to students in attendance at institutions of higher education.

I am not a professional educator, either by training or occupation. I am an independent oil and gas producer here to speak directly and plainly about our record of success in Louisiana and seven other states with a unique program designed to provide not only the promise, but also the reality, of a free college education to qualified students from low and middle income families. I believe that the success of our state-sponsored tuition assistance plan in Louisiana and similar plans in other states demonstrates that it is in the national interest for Congress now to encourage all states to adopt similar tuition assistance plans. As Congress considers reauthorization of the Pell Grant program, modifications to this important federal program now can be fashioned to provide important federal incentives that will encourage additional states to guarantee a college education to their qualified students by adoption of tuition assistance plans.

In 1989, the Louisiana legislature passed and Governor Buddy Roemer signed into law the Louisiana College Tuition Assistance Plan. Under Louisiana's Tuition Assistance Plan, any student who stays in school and out of trouble with the law, who studies hard, maintains a 2.5 grade point average, passes 17.5 hours of college-prep courses, scores at least 20 on the Enhanced version of the American College Test (ACT) entrance exam, and comes from a family with an annual income of $25,000 or less is guaranteed state-paid tuition at a Louisiana state college or university. The income cap increases by $5,000 for each additional child. Versions of the plan also have been adopted in Texas, Florida, New Mexico, Arkansas, Indiana, Oklahoma and Maryland.

The Tuition Assistance Plan is working. It is simple, plain, and direct. It has negligible administrative costs. No bureaucracy is needed to administer or run the Plan. It delivers to students who stay in school, make the grades, and stay out of trouble with the law, the reality of a college education and a better life. It provides motivation. It provides hope.

The Tuition Assistance Plan is working because it carries challenge as well: college admission standards. It is that simple. As a result, students who take advantage of the program are prepared for college and college courses, and they are succeeding. Early results in Louisiana show the 1,300 students now in college under the program are doing well and are set to rewrite the record of higher education in our state. The state is getting its money's worth: participants of the plan will graduate from college, get good jobs, and become productive citizens.

The cost of the Tuition Assistance Plan is borne entirely by the state. This is as it should be, since provision of a college education should be a state, not a federal responsibility.

The plan is based in part on the premise that very low income students qualifying for state tuition assistance could obtain additional funding from federal Pell Grants that can be used for room and board. In addition, in New Orleans, my company, along with 17 major corporations, have joined in raising $2 million for what we call "*Project New Orleans.*" Under this program, every child from Orleans Parish who qualifies under the state Tuition Assistance Plan and who receives a Pell Grant is eligible for a *Project New Orleans* grant of $1,000 per year while in college. These students can use their Pell Grants for room and board, but still lack funds for basic needs such as clothing, transportation and other incidental living expenses related to college attendance. To my knowledge, New Orleans is the only city where the private sector has come together with the state and Federal governments to guarantee the college opportunity for even the poorest of its children. However, other cities in states that have adopted tuition assistance plans are exploring such programs, and efforts are ongoing with private sector leadership toward achieving this goal.

In 1988 I established the Patrick F. Taylor National Merit/National Achievement Scholarship at the University of New Orleans. The scholarship provides comprehensive funding, including room, board, tuition, fees, a computer, books, a summer's study in Innsbruck, Austria, and $2,000 annual living expense ("walking around") money.

Because of this scholarship, the number of National Merit/National Achievement Finalists at UNO went from one three years ago to a projected total of 230 next year. Top students from across the nation are choosing to attend UNO because the scholarship offered covers all expenses. The success of this program led me to develop and establish *Project New Orleans* with its $1,000 stipend which will likewise provide motivation for those students from the poverty level.

The Pell Grant program, as currently enacted, is a need-based program. Unlike state college tuition assistance programs enacted in Louisiana and seven other states, Pell Grants are available to students who may not have completed college preparatory courses and fulfilled other basic college entrance standards. As a result, for too many Pell Grant recipients are not qualified to do college work and do not graduate. I cannot emphasize enough the importance of requiring college preparation and admission standards to the success of the Louisiana tuition assistance program. Twenty-eight (28%) percent of these benefitting are minority students. Congress should consider whether it is appropriate to establish some linkage between the Pell Grant program and state tuition assistance plans to better insure the proper allocation and utilization of federal education dollars. Because these state tuition assistance plans require admission standards, providing linkage to such programs would increase the success and graduation rates of Pell Grant recipients, helping to insure that Pell Grant dollars are efficiently utilized. The Committee may wish to consider a mechanism to encourage all states to adopt state-

sponsored tuition assistance plans requiring completion of college preparatory work in high school and viable admission standards at the college level.

As you know, analysis of the need for Pell Grants is determined by evaluation of income and assets. Under current law, income offsets are permitted for income taxes, family size, medical/dental bills, a general "employment expense," and private tuition for other dependents enrolled in elementary and secondary schools. Under current law, however, no offset is permitted for a family whose children receive state payment of tuition and fees. The amount of the expected family contribution is based partly on income left over after deduction of the offsets described above, with higher percentages of contribution expected at higher levels of available income. In addition, family assets are also considered in determining the expected family contribution. The family home and other family assets (such as savings) are considered a resource for funding college, with offsets available of $30,000 for the family home and $25,000 for other non-business assets. Fluidity of mortgage values and asset depreciation complicate such a procedure. Similarly, the student's own taxable income and certain other untaxed receipts and benefits are considered in the formula for determining Pell Grant amounts. Students with relatively low personal cash flow levels (this year, $4,000 for a single dependent student) can be excluded entirely from Pell Grant eligibility.

Families are thus penalized for saving for retirement and for home or asset ownership. Few kids want their parents to sell their home or business or to mortgage

them to pay for college. Family assets should no longer be considered in evaluating a family's ability to contribute to their child's education.

Likewise, students should not be penalized for obtaining summer and part-time employment or receiving certain scholarships and grants, including private sector grants such as those offered under *Project New Orleans* and the Taylor Merit Scholars program at UNO. At the very time we are encouraging private sector companies to become actively involved in education we are discouraging students from working or seeking private assistance. Disincentives that reduce or eliminate Pell Grants to students who take advantage of these opportunities should be removed from the Pell Grant program.

The formula used for determining the expected family contribution to college education for Pell Grant purposes should be amended to provide an incentive for states to adopt state-sponsored tuition assistance programs. Specifically, a tuition offset against the expected parental contribution should be provided to parents in states that have adopted tuition assistance plans. Such a tuition offset would recognize that the primary responsibility for funding college rests with the states and that parents, through their state tax dollars, have already shared in the support of these colleges. Although tuition waivers lighten the student's and family's financial burden while the student is in college, the families have already incurred the costs incident to the state waiver. Amending the Pell Grant program to allow offset for tuition waivers would encourage states to provide college tuition assistance for students who are prepared to take and successfully complete a college curriculum. Because students would be able to pursue full funding of college

attendance based on merit, students would apply themselves to their potential. States with these tuition waivers are seeing a dramatically enhanced educational environment. Adoption of such a proposal would thus help ensure better allocation of federal educational resources. At the same time it is essential that the level of family income allow for middle class families' eligibility as do the Tuition Assistance Plans (see page 1).

Today more than 25% of our children drop out of high school because a high school diploma is not seen as a ticket to a productive future. Another 25% graduate from high school with something on the order of an eighth grade literacy. The American College Testing program reported in the Wall Street Journal that only 18% of students aged 18 and younger live in families that can afford even the least expensive two-year public college and only 6% can afford a four-year private college. Statistics clearly show the sad state of our educational system.

Congress now has the opportunity to build upon the initiative of Louisiana and seven other states in guaranteeing a full college education to its students, and has the opportunity to send a clear message that it is in the national interest for states to accept this responsibility.

First and foremost the individual Pell Grant must be continued at current levels, income levels must be increased to include the middle class and its complicated formula for eligibility must be simplified. The message to our children has to be clear that the college opportunity exists for all who will qualify. The adoption of specific amendments to the Pell Grant program will provide federal incentives encouraging all states to adopt

state funded college tuition plans. This Committee, through the legislative vehicle before it, can now do its part to ensure that the remaining 42 states accept the same responsibility. Then we will have a fully funded college education available for all children who qualify with the states providing tuition and fees and the Federal government providing subsistence through Pell Grants. These actions in turn will draw upon the private sector to assist with the third element of the cost of college, the out-of-pocket living expenses for the student.

I urge you to act on the proposals that follow in the addendum. Thank you.

ADDENDUM

PROPOSALS

I would like to offer specific proposals to the Committee for its consideration in the Pell Grant reauthorization. The purpose of these changes would be to recognize the important national interest in encouraging states to provide college tuition to all of its children who stay in school, make the grades and demonstrate need. While recognizing that it is primarily the responsibility of the states to provide such assistance, these recommended changes would offer significant federal incentives to states that accept this worthwhile challenge.

Proposal 1

The maximum Pell Grant to an individual should be maintained at $2,400. This amount is more than sufficient to pay public college room and board in the majority of the states. Holding the maximum grant at that level will both recognize the eight states that have adopted tuition plans, thus accepting their responsibility for the cost of instruction, and encourage other states to follow. This is the demarcation line: the federal government should not be put into the position of reimbursing the states for

tuition and fees at state colleges and universities. Tuition and fees are clearly the responsibility of the state. The federal contribution should be reserved for the cost of subsistence -- room and board where needed.

Proposal 2

Congress should simplify eligibility requirements and raise income cutoff levels upward under the Pell Grant program. Complexity of the current law discourages and denies access to many needy and deserving children. Congress has a number of options. It should consider making eligibility for the Pell Grant dependent solely on family income, as is the case under the Louisiana College Tuition Assistance Plan. The eligibility criterion - family income - is simple, direct, and fair. Parents and students know immediately whether or not the student will qualify. Congress should raise the maximum level income to between $25,000 - $30,000, as recognized by the state for the tuition and fee waiver, and increase the cutoff by $5,000 for each minor child. Perhaps the income level increase could be first initiated only in states with Tuition Assistance Plans. By doing so you would send a message to the eight out of nine American families that think college is out of their reach, that their kids are included, and a message to the states that they should assume their responsibility for the cost of instruction at all levels. This would broaden eligibility for Pell Grants, making such assistance available to a wider range of students. The state legislation is simple -- qualify and you receive tuition and

fees. You will simplify the formula and encourage our kids at the same time. To summarize proposed formula changes:

1. Remove family assets from the formula. Few kids want their parents to sell either their home or business or to mortgage them to enable them to go to college.
2. Remove academic scholarships or grants from consideration. We want to inspire kids to excel academically. Why lower their Pell Grants if they do so?
3. Remove the summer earnings of the applicant from the formula. We seek to inspire a work ethic in our children. Why lower their Pell Grants if a job is available and they take it?
4. Remove any other private sector grants from consideration. In New Orleans eighteen major corporations are providing a $1,000 per year stipend to poverty level kids who qualify for state tuition and fees and Pell Grants, recognizing that corporate America needs these kids and that summer jobs are not always available. Why lower the kid's Pell Grant if the private sector joins in our partnership?

LOUISIANA'S COLLEGE TUITION ASSISTANCE PLAN LAW

Be it enacted by the Legislature of Louisiana:

L.R.S.§17:3026. College or university tuition; guarantee; eligibility; administration

A. (1) The tuition at any public college or university in the state shall be paid by the state on behalf of any student who enrolls in such a school to pursue an academic undergraduate degree, who applies therefor, and who meets all of the following qualifications:

(a) Has actually resided in Louisiana during the twenty-four months preceding college or university enrollment. For the purposes of this Subparagraph, residency shall be demonstrated by proof of the following as required by the administering agency:

(i) If registered to vote, is registered in Louisiana.

(ii) If licensed to drive a motor vehicle, is in possession of a Louisiana driver's license.

(iii) If owning a motor vehicle located within Louisiana, is in possession of Louisiana registration for that vehicle.

(iv) If earning an income, has filed a Louisiana state income tax return and has complied with state income tax laws and regulations.

(b) Has a parent or guardian who is a domiciliary of Louisiana.

(c) Has graduated within the two years preceding the application from a high school with a minimum cumulative grade point average of 2.5 calculated on a 4.0 scale and is enrolling as a first time freshman.

(d) Except as otherwise provided in Subsection B of this section, has successfully completed seventeen and one-half units of high school coursework (ninth grade level or higher), which constitutes a core curriculum and meets standards for admission to the desired college or university. The core curriculum shall be defined as follows:

(i) English I, II, III, and IV (four units).

(ii) Algebra I and II (two units).

(iii) Geometry, Trigonometry, Calculus, or comparable Advanced Mathematics (one unit).

(iv) Biology (one unit).

(v) Chemistry (one unit).

(vi) Earth Science, Environmental Science, Physical Science, Biology II, Chemistry II, or Physics (one unit).

(vii) American History (one unit).

(viii) World History, World Cultures, Western Civilization, or World Geography (one unit).

(ix) Civics and/or Economics (one unit).

(x) Fine Arts Survey (one unit; or substitute two units of performance courses in music, dance, or theatre; or substitute two units of studio art courses).

(xi) Foreign Language (two units in a single language).

(xii) Computer Science, Computer Literacy, or Data Processing (one-half unit).

(xiii) Electives from the above (one unit).

(e) Has a composite score on the American College Test of at least eighteen on the 1989 version or an equivalent concordant value on an enhanced version of such test.

(f) Has no criminal record, except for misdemeanor traffic violations.

(g) Is found to be in financial need.

(2) The tuition at any public college or university in the state shall be paid by the state on behalf of any student who enrolls in such a school to pursue an academic undergraduate degree, who applies therefor, and who meets the qualifications enumerated in R.S. 17:3026(A)(1)(a), (b), (f), and (g), but who fails to meet one of the particular requirements established by Subparagraphs (c), (d), or (e) by an amount of ten percent or less.

(3) To maintain continued state payment of tuition once enrolled in college a student shall meet all of the following:

(a) Make steady academic progress toward a degree, earning not less than the minimum number of hours of credit required for fulltime standing in each academic period requiring such enrollment.

(b) Maintain continuous enrollment for not less than two semesters or three quarters in each successive academic year, unless granted an exception for cause by the administering agency.

(c) Have a cumulative grade point average of at least 2.5 calculated on a 4.0 scale at the end of the first academic year and thereafter maintain such a cumulative grade point average as evaluated at the end of each academic year.

(d) Have no criminal record, except for misdemeanor traffic violations.

(e) Be found to be in financial need.

B. (1) The provisions of this Section shall be administered by the Board of Regents, or its successor until December 31, 1990, and by the Governor's Special Commission on Education Services or its successor thereafter. Administration by the Governor's Special Commission on Education Services or its successor may occur prior to December 31, 1990, by mutual agreement of the board and the commission. The administering agency

may provide by rule adopted as provided by the Administrative Procedure Act for all matters necessary to the implementation of this Section.

(2) By rule, the administering agency shall provide for:

(a) A mechanism for informing all students of the availability of the assistance provided pursuant to this Section early enough in their schooling that a salutary motivational effect is possible.

(b) Applications, forms, financial audit procedures, eligibility and other program audit procedures, and other matters related to efficient operation.

(c) A procedure for waiver through the 1991-92 academic year of the program eligibility requirement for successful completion of a specified core curriculum upon proper documentation by the applicant that failure to comply with such requirement is due solely to the fact that the required course or courses were not available to the applicant at the school attended.

C. (1) An applicant shall be found to be in financial need if the family has one child under the age of twenty-one and the two-year average annual adjusted gross income of the family is less than twenty-five thousand dollars, or the family has a two-year average annual adjusted gross income of less than twenty-five thousand dollars plus five thousand dollars for each additional child under the age of twenty-one.

(2) The two-year average annual adjusted gross income of the family shall be verified by Internal Revenue Service returns or by certified affidavits in cases of income that cannot be verified by such returns.

(3) As used in this Subsection, the term "Family" for an unemancipated applicant shall mean the applicant, the applicant's parents, and other children under age twenty-one of the applicant's parents. The term "Family" for an emancipated applicant shall mean the applicant, an applicant's spouse, and any children under age twenty-one of the applicant and spouse.

D. The legislature annually shall appropriate to the administering agency funds which, together with any other funds available, are sufficient to cover the costs of tuition required to be paid, both initial and continuing, for the coming academic year. All such payments shall be made directly to the institution to which such tuition is due after notice to the school that the state shall pay the tuition of a student and after notice from the school that the student has actually enrolled.

E. The administering agency may seek, accept, and expend funds from any source, including private business, industry, foundations, and other groups as well as any federal or other governmental funding available for this purpose.

F. No student shall receive a grant pursuant to this Section in an amount greater than the tuition charged by the school. The student must apply for a federal grant prior to receiving state funds.

G. The cost of the program provided for by R.S. 17:3026 shall not exceed one million nine hundred thousand dollars for the 1989-1990 Fiscal Year.

H. Implementation of the tuition payment program provided by this Section shall be subject to the appropriations of funds for this purpose.

NOTE: This is Louisiana's Revised Statute §17:3026, as enacted by ACT 789 of the 1989 regular legislative session and amended by ACT 1055 of the 1990 regular legislative session. These acts were signed July 10, 1989, and July 27, 1990, respectively.

PROPOSAL ATTACHMENT I

ADMISSION STANDARDS AND FINANCIAL SUPPORT OF STUDENTS

BOARD OF TRUSTEES FOR STATE COLLEGES AND UNIVERSITIES

March 31, 1989

A. In the Fifth Year

1. Admission Standards at Universities

a) ACT minimum composite score of 18

b) High school GPA of 2.5 with 17.5 units of specified courses

c) To satisfy special interests of the university, each university may make exceptions of up to 10% of the number of admission applications received in the previous year.

d) Other exceptions can be made for applicants whom the university determines have potential for success.

2. Remove Financial Barriers to University Matriculation

Where family resources are insufficient, the univerity will provide assistance as needed by waiving all or part of tuition, and assisting with room and board costs, provided the student applies for all other possible financial aid and accepts part-time employment as appropriate. In making a determination of family financial resources, there may be consideration of factors as to whether a student has incurred unnecessary obligations (e.g., an automobile).

B. In the First Year

1. Remove Financial Barriers at Universities

For selected students who have the ACT 18 composite, 2.5 high school GPA, the specified 17.5 academic units, and whose family financial resources are insufficient, provide assistance as in A.2. above.

2. Interim Procedure

Recognizing that there are no data to indicate possible costs to universities for the first year, have each university allocate a specified dollar amount for the total program and select recipients competitively. The applicant pool will provide data for projected numbers of those who will qualify in subsequent years. University funds for the program will be redirected from existing financial aid resources. The amount allocated will be on a matching basis with private contributions to the program: 50% university and 50% private.

C. In the Second, Third and Fourth Years

Increase amounts allocated annually, leading to full implementation of the plan at universities in year five. Not only is the financial support to be fully in place, but also allow enrollment only to those who meet admissions standards in A.1. above.

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BOARD OF SUPERVISORS OF THE LSU SYSTEM

WHEREAS, ever-increasing costs have put a college education beyond the reach of the average family in Louisiana and the United States; and

WHEREAS approximately 37-1/2% of Louisiana's young people signify their lack of expectation of success within our education system by dropping out of high school; and

WHEREAS, a sizable proportion of those young people receiving a high school diploma in Louisiana read and compute at less than an eighth grade level; and

WHEREAS, those of our young people who drop out of school or graduate from high school functionally illiterate are unemployable in our society and are deprived of the ability to contribute to our society; and

WHEREAS, the parents of these young people continue to be uninvolved in their children's education; and

WHEREAS, these young people and their parents constitute a majority of the people of Louisiana, and their lack of motivation and involvement results in not just poor performance but a lack of support for education in general; and

WHEREAS, the State of Louisiana, with its depressed economy, cannot ever hope to rebuild itself without the full contribution of all its people and a people employable in a complex society; and

WHEREAS, this State has historically had an open academic admissions policy in an effort to make our colleges and universities available to all our people; and

WHEREAS, our open admissions policy has proven to be unfair to our young people because it does not inform them of what preparation is necessary prior to admittance to college; and

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WHEREAS, that lack of preparation leads the majority of our college applicants to require expensive remedial instruction to make up for their lack of prior effort; and

WHEREAS, the large majority of applicants fail to graduate from college even after our colleges' commendable remedial efforts; and

WHEREAS, this lack of success by our college applicants results in an inefficient expenditure of taxpayer funds and a poor return on State revenues dedicated to higher education; and

WHEREAS, the "Taylor's Kids" Program in New Orleans has indicated conclusively that the guarantee of college availability based solely on merit does lead even twice-failed students to stay in school and make every effort to succeed while avoiding drugs, crime, and pregnancy; and

WHEREAS, experience with the "Taylor's Kids" has led to the formulation of an innovative, cost-effective plan to reform education in this State and Nation; and

WHEREAS, this plan, referred to as the Taylor Plan, provides that all four-year colleges and universities in this State adopt admission standards commensurate with their mission to provide this State with qualified graduates; and

WHEREAS, the Taylor Plan provides that the colleges and universities in this State no longer reject any qualified applicant because of that applicant's lack of financial resources; and

WHEREAS, Governor Buddy Roemer, Superintendent Wilmer Cody, the Board of Elementary and Secondary Education, the Board of Regents, the Board of Trustees for State Colleges and Universities, the majority of college presidents and chancellors, including our own chancellors, political, educational, business, and civic groups all across Louisiana support and have endorsed this Plan in principle; and

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WHEREAS, this Board recognizes its responsibility to the people of Louisiana and the future of this State and desires that Louisiana be the first state in this nation to guarantee equal opportunity for all its people;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does now adopt the Taylor Plan in principle at Louisiana State University and Agricultural and Mechanical College (LSU), the University of New Orleans (UNO), and Louisiana State University at Shreveport (LSUS) to-wit:

1. It is the intent of this Board that, beginning in the Fall semester of 1993, applicants to these campuses must have completed the 17-1/2 credit course requirements now in effect at LSU, and UNO with a 2.5 grade point average (GPA) in high school and must score no lower than 18 on the ACT;

2. It is the further intent of this Board that, beginning this next Fall semester, any Louisiana student meeting the above requirements who clearly indicates a lack of the necessary financial resources to attend college will be admitted; and

3. It is the further intent of this Board that in order to satisfy special interests of the University, each University may make exceptions of up to 10% of the number of admission applications received in the previous year which will include, those applicants whom the University determines have potential for success.

BE IT FURTHER RESOLVED, that this Board intends to admit all qualified Louisiana applicants and asks the chancellors and faculties of its three senior universities to study and review the following standards and to report back to this Board on the standards' adequacy in relation to the status in this State of their campuses as well as to suggest ways and means to admit specially-talented applicants; and

BE IT FURTHER RESOLVED, that this Board intends that admittance of Louisiana students to its senior universities be based on the ability to learn and not on the ability to pay and asks that the chancellors, to the best of their ability, accept financially lacking applicants through waivers of tuition, through scholarships, through assistance where needed with room and board, perhaps through part-time employment if necessary, and through full utilization of all available public and private scholarships, and aid programs; and

BE IT FURTHER RESOLVED, that the chancellors of each senior campus submit in the 1990-91 Budget and in subsequent requests for funds necessary to provide the educational costs required for the projected number of these qualified students at their campuses; and

BE IT FURTHER RESOLVED, that this Board earnestly requests the Board of Regents, the Southern Board of Supervisors, and the Board of Trustees join with this Board in the enactment of this historic rejuvenation of the educational system in this State; and

BE IT FURTHER RESOLVED, that this Board commends its chancellors for recommending this Plan to us; and

BE IT FURTHER RESOLVED, that the Board urges the Legislature of Louisiana to take such steps as are necessary to guarantee the full implementation and continuance of this Plan.

THE PATRICK F. TAYLOR/NATIONAL MERIT SCHOLARSHIP

ALL STUDENTS DESIGNATED AS NATIONAL MERIT/ NATIONAL ACHIEVEMENT FINALISTS who name UNO as their first-choice institution receive the prestigious Taylor Scholarship for National Merit/National Achievement Finalists and are designated as Taylor Scholars. This exceptional scholarship is named in honor of the program's creator and University benefactor, Patrick F. Taylor of New Orleans.

In the fall of 1987 Mr. Taylor met with University of New Orleans Chancellor Gregory M. St. L. O'Brien to determine new ways to attract superior students to UNO. The result was the Taylor Scholarship, one of the most comprehensive scholarship programs for National Achievement Finalists available in the United States. Each student awarded the scholarship receives room, board, tuition, fees, a computer, books, a summer's study in Innsbruck, Austria, and $2,000 annual living expense ("walking around") money.

As the architect of the scholarship, Mr. Taylor stresses two primary factors that are the foundation on which the scholarship is built. First, he recognizes the need to put an end to the "brain drain" that deprives Louisiana of its most significant assets. Second, he proposes that the state also must attract gifted and talented students from other states. Mr. Taylor's ultimate goal is to encourage the best and brightest students to remain in Louisiana upon graduation where they can contribute to the state's progress as he himself has done.

TO RECEIVE THE TAYLOR SCHOLARSHIP, a student must:

1. Be named a National Merit/National Achievement Finalist,
2. Name the University of New Orleans as his/her first-choice university,
3. Enroll at UNO as a full-time student, and
4. Maintain a 3.0 grade point average.

PROJECT NEW ORLEANS FACT SHEET

What: ***Project New Orleans*** gives financially disadvantaged young people from Orleans Parish "walking around money" while they are in college.

How: As a result of the ***Taylor Plan***, these children, if they qualify, are eligible to have tuition and fees paid by the state and can use existing federal grants to cover room and board. Nevertheless, many still lack the funds necessary for transportation, books, clothing, lab fees and other classroom materials or incidental expenses for basic necessities. ***Project New Orleans*** will work through the offices of college and university financial aid officers to provide to each qualified student an annual stipend of $1,000.

Qualifying: ***Project New Orleans*** became effective fall semester 1990. A student's eligibility is determined by financial aid and/or admissions officers at Louisiana state colleges and universities. To receive the ***Project New Orleans*** stipend, students must meet the academic and financial criteria established by the ***Louisiana College Tuition Plan*** and must be eligible to receive a Pell Grant. Students must continue to meet each of the criteria above to remain eligible for the ***Project New Orleans*** grant.

Why: ***Project New Orleans*** is aimed at these particular inner-city children because their dropout rates range from 45% to 60% and many have no hope of a future beyond crime, poverty or welfare. While a waiver of tuition and fees would assist them in attending college, many do not have additional finances to buy books, pay for transportation or other incidentals necessary during their college career.

Who: New Orleans based-companies and corporations have committed $100,000 each over a four-year period to underwrite ***Project New Orleans***. The companies include: Entergy Corporation, Exxon Company USA, Texaco (Eastern region) USA, IBM Corporation, First NBC, Louisiana Land & Exploration, KPMG Peat Marwick, Crescent River Port Pilots Association, Tidewater, CNG Producing, The Times-Picayune, Halliburton Services Company, South Central Bell, Freeport-McMoRan, McDermott International, Canizaro Interests and Taylor Energy Company. A 501(c)(3) tax exempt organization has been established for ***Project New Orleans*** with each of the contributing companies represented by a Board of Trustees.

Goal: It is the goal of ***Project New Orleans*** to make the opportunity of a college education available to every academically able child. The ultimate goal is to provide both an educated workforce and a shift in the focus of the American inner-city from poverty and crime to productivity, participation and achievement.

January 2, 1991

Senator PELL. I will try to limit my questions, and we'll go back and forth as is our custom here.

I was particularly struck by Mr. Taylor's testimony. What was the college that you mentioned that didn't charge tuition?

Mr. TAYLOR. Louisiana State University, sir. They actually had a $35 per semester student fee, but that included football tickets. [Laughter.]

Senator PELL. But literally, there is no charge for tuition there.

Mr. TAYLOR. None whatsoever. And actually, when Federal Land Grant Universities were first proposed, I questioned whether or not they were ever intended to charge tuition. But LSU did not in 1955.

Senator PELL. You don't happen to know offhand if there are any institutions now that do not charge tuition, do you?

Mr. TAYLOR. No, sir, but we have 14 universities in the State of Louisiana and a number in 7 other States where the State pays the tuition and fees for those children who qualify.

Senator PELL. And you talked about the admission standards. Are those admission standards particularly hard or tough or different from the general ones?

Mr. TAYLOR. No, sir. Actually—and again, I'm not an educator, so when it comes to admission standards, I had to go to the universities themselves for their proposal—but these standards include the 17½ credit core curriculum, those advanced courses that American kids are not taking at this time; a 2.5 average in high school, and originally an 18 on the ACT, which equates to a 20 on the Enhanced ACT. And we are seeing results that would absolutely amaze you.

Senator PELL. I was struck also by the fact that you said the young people who went to these institutions studied math and science, physics, and so on, because one of the problems we face is that we've got too many students interested in being lawyers, I think——

Mr. TAYLOR. Oh, and I'm totally opposed to that, sir. [Laughter.] What we're seeing—we have gone further in Louisiana now. We have actually formed a Project New Orleans that provides a spending money element for every poverty-level kid in the city. We launched that for major corporations, and most of those CEO's of course are engineers and scientists. So that is having an impact as well.

The key element on math and science is to guarantee to the student at an early age that if they prepare for and take those courses in high school, then those courses become a guaranteed ticket to college, and early, early exposure to math and science will lead to more engineers and scientists, sir.

Senator PELL. That's right. Just by coincidence, I was checking out with the interns in my office what they hope to do after they finish college, and three out of four want to be lawyers. I think we need to have a greater emphasis on other fields, as you have said.

I have used up my time, and I will now turn to the ranking Republican member, Senator Jeffords.

Senator JEFFORDS. Thank you very much, Mr. Chairman.

First of all, this is an excellent hearing, and I'm deeply appreciative of having it called.

Ms. Hairston, I certainly appreciated your comments about early intervention, in particular my bill. I would like to ask you whether or not you feel, in combination with what Mr. Taylor said, that this is an essential program to ensure that young people are aware of early intervention.

Ms. HAIRSTON. Senator Jeffords, I think you would find that Patrick Taylor and I are certainly of one mind in that regard and follow your line of thinking as well.

Let me give you an example. In Columbus, OH, there is a program like many other communities have, but this one has been very special to me. It is called the "I Know I Can" program. The "I Know I Can" program was recently awarded one of President Bush's Thousand Points of Light, and its chairman was named the top volunteer of the Nation. What she has done, with the help of her community, is to try to encourage the aspirations of children to go to college. We promise that any student who is in the Columbus public schools will not miss the last dollars necessary to go to college once the Pell Grant, the Ohio Instructional Grant have been used. To do that, the people of Columbus have created an effort to build an endowment very similar to the kind of thing that you are talking about in your trust funds.

What has happened is that we have raised millions of dollars to create this endowment, and children whose parents believed it was not possible for them to go to college because they would not have the money to do so have now come to believe that it is possible, and so our growing demand for help is just burgeoning.

This program also has a mentoring concept to it. Volunteers go into the schools, literally sit down with the parents and help them fill out financial aid forms—which we all know are not the simplest things in the world. They help take them to college campuses to visit. They are mentored from 6th grade forward. But the promise is there that the money will be there when they get there.

My concern is that with the growth in these numbers of students—we have similar efforts on our college campuses—it is going to take a Federal-State-private partnership in my view to create the dollars necessary to meet this demand. And Mr. Taylor is suggesting one way of going after it, and I'm certainly in support of that and have tried to encourage our leadership in Ohio to do that sort of thing, and we're working on it, but we also need to create some other ways of doing it, and I think an incentive aspect through SSIG or another program that would encourage the creation of these trust funds would be very effective.

Senator JEFFORDS. Thank you.

Mr. Taylor, do you have any comment?

Mr. TAYLOR. Yes, sir. I would like to second Ms. Hairston on the State-local partnership but perhaps specifically what could you do as far as Pell Grant administration where that is concerned, and specifically two things of a broad nature. If we can encourage the remainder of the States to assume their responsibility for the cost of instruction—simply provide tuition and fees for those low and middle income kids—then the Federal Pell Grant might even be left at $2,400 because in the large majority of our States, $2,400 will pay for room and board. If we do those two things, and then we have seen with the State legislation that it is the simplicity

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that makes it work at all levels, even for the parents of newborn children. If kids stay in school and qualify, the State will pay their tuition and fees. So why not simplify Pell Grant? Take family assets out of that very complex formula. Don't expect children to plan on college if it is based on their family home or something like that.

Second, an scholastic scholarship that the applicant has won, take that out of the formula. We are trying to encourage our kids to excel academically. Why lower their Pell Grant if they do so?

We want to encourage the work ethic in our children. Let's take the applicant's earnings completely out of the formula. If there is a summer job available, let's encourage them to take it for extra money to go to college. But for inner-city kids, where summer jobs are simply not available, as I mentioned before, Mr. Chairman, in New Orleans, 18 major corporations including IBM and Exxon have joined together to provide that final dollars, that $1,000 a year in spending money for every poverty-level child in our city who qualifies under both the State legislation and of course a Pell Grant. In the majority of cases, the recipients of our private sector grants have had to return Pell Grant money. We want that involvement by the private sector. We want those corporations telling our young people that we need them. Let's not penalize the young person. So simplify it, simplify it. Join with us. Encourage the other States to accept their responsibility, and you will create a whole new America.

Senator JEFFORDS. I tend to agree with you. I think it is incredibly important that in this bill we continue to look toward the long term. However, we can't do everything you would like to do at this particular time because of our own problems, but the goals you have established are mine. We have a Higher Education Commission looking at how we can reach these goals.

In the short run, I don't think we can quite do it, but I think we should do nothing in this bill which would set a trend that would interfere with us reaching that goal. Certainly that is my objective here.

I admire your courage in suggesting this idea. I come from an area where State costs are extremely high and I often wonder how we can go into the future and work all these things out. I'm not sure of a solution, but I do believe it is important that every young person in America, regardless of where their parents are on the economic scale ought to be able to have access to postsecondary education without having to look for the money for it. I agree with you.

Mr. TAYLOR. Might I make a suggestion, Senator?

Senator JEFFORDS. Surely.

Mr. TAYLOR. If I can prevail upon eight States to pass this legislation, surely the Congress of the United States can prevail upon the other 42 States—and include the middle class as well.

Thank you, sir.

Senator JEFFORDS. Thank you.

Thank you, Mr. Chairman.

Mr. Chairman, I have a statement I'd like to make a part of the record.

Senator PELL. Without objection, it will be inserted in the record in full.

[The prepared statement of Senator Jeffords follows:]

PREPARED STATEMENT OF SENATOR JEFFORDS

Mr. Chairman, thank you for calling this hearing together. The issues before us are both timely and appropriate.

I will keep my remarks brief and directed specifically to the first panel because of my particular interest in programs established to provide incentives, information and encouragement to students for postsecondary education.

S. 585 is a bill that I introduced earlier this year which provides those very kinds of services to disadvantaged youngsters. What this bill encourages is a state, federal and local partnership—all entities working in conjunction—to provide necessary support services for lower income, at-risk youth.

Educators have promoted this sort of comprehensive approach for some time now. The recognition that children from disadvantaged backgrounds are more likely to drop out because of external pressure or family responsibility, lack of a role model or lack of encouragement is all too real.

S. 585, encourages states to establish programs which address the educational needs of students through counseling, mentoring and before and after school tutoring. It also provides the support services to encourage kids to stay in school and the incentives to continue onto postsecondary education. Students involved in the program would, upon high school graduation or college matriculation be given substantial tuition assistance to go onto postsecondary learning.

In many ways it is a federal "sponsorship" program mimicked after the programs started by individual philanthropists and some state governments. It is one way to reverse a trend that has become more and more apparent in recent years.

That trend is the sad reality that too many kids are lost in the pipeline. Many don't have relatives or friends who went onto terciary education and many don't know that upon high school graduation they can have the opportunity to continue their education.

The General Accounting Office has done a number of interesting studies outlining the gaps in parent and student knowledge regarding financial aid and school costs. One report indicates that "... only 12 percent of high school sophomores were aware of the Pell Grant program and only 8 percent were aware of Stafford Loans.

Furthermore, "parents and students tended to both grossly overestimate and underestimate different elements of the cost of higher education. Both kinds of mistakes can lead people to limit their consideration of different school options."

Students aren't even aware of the opportunities available to theml These are the kids that we are losing in the pipeline that need to be given II the information, the support and some financial assistance to go on.

The "sponsorship" programs established by individual philanthropists have worked. GAO's study found these to be the most effective of all intervention programs and found that they provided

"substantial extra academic help for students that can make a big difference."

We shouldn't place the future of our children solely in the hands of philantropists—there are not enough to go around. The federal government in concert with state and locals must embark on a federal "sponsorship" program of its own.

I am hopeful that this year's higher education reauthorization will see the advent of such a program. S. 585 is such a program and I am hopeful that it can be incorporated in some fashion into the reauthorization.

Senator PELL. Senator Metzenbaum.

OPENING STATEMENT OF SENATOR METZENBAUM

Senator METZENBAUM. Mr. Chairman, I am pleased to join you here today.

First I would just like to express on behalf of the American people our gratitude to you for your leadership in this area over a period of years. I am not sure that the American people really do appreciate how much you have done, and I think all of us, our children and our grandchildren really owe you a great debt of gratitude, and I just want to express that publicly.

Senator PELL. Thank you.

Senator METZENBAUM. Second, I want to say that I know of no higher priority that our government should have than our concern about the availability of higher education and education at the lower levels as well for our children. And a government that can spend $150 billion a year protecting Western Europe, a government that can find $50 billion a year to defend Korea and Taiwan and Japan, and a government that can throw billions of dollars at an SDI program and building B-2 bombers, can find the dollars to assure our real future having to do with the children of this country. To me, that's where our emphasis should be and must be, but I am afraid that the will of the President and the Congress is not in that direction.

I have a few questions, but before doing so I'd just like to acknowledge, Mr. Chairman, the presence in the audience of a lifelong friend of mine who accompanies Ms. Hairston. He is the president of the Board of Regents and has served under both Democrat and Republican Governors. He is not a college graduate, but he has probably devoted as much of his time and effort to education as almost any single person in the country. He has been president of the Board of Regents, which consists of 75 colleges and universities in the State. He has been president of the Cleveland Board of Education, a very contentious responsibility. And he has been a member of the board of trustees of Brandeis University. My friend Ted Bonda is in the audience, and I just want to say publicly that we owe him a debt of gratitude for all that he has done.

Ms. Hairston, you mentioned that the Ohio Board of Regents has been working with cities to develop early intervention plans. Could you give us some details about the kinds of activities you are pursuing and how a Federal initiative could be helpful?

Ms. HAIRSTON. Senator Metzenbaum, we have been working throughout the last 10 years on issues to improve first of all the

academic readiness of students to go to college through the creation of an expected collegiate preparation course in high school that is rigorous—4 years of English, 3 years of math, 3 years of science, 3 years of social studies, 2 years of a foreign language. We have been working to identify students who are falling behind through a program at the high school level to see if they can do mathematics to the degree they need to be able to in order to go to college. We have been working on science readiness projects—and I would like to compliment the Congress of the United States on the Eisenhower Program availability; it has meant a great deal to science education in our State.

With regard particularly to the efforts for groups for whom college has not been part of their experience, we have been developing in cities like Cleveland, OH, Columbus, OH, Cincinnati, and Toledo community-based efforts that will identify students in the 6th grade, bring them to campuses in the summertime, introduce them to expectations for college, mentor those students during the academic year following that experience, doing that year after year, following those students—it is very time- and people-intensive work that we are about here—drawing the communities together with our institutions of higher education and our schools in a joint partnership to pull these students into a successful higher education experience.

We are just at the beginning of these activities. Some of our colleges have taken leadership in varieties of them. Others have been stimulated by the Board of Regents. But it is a patchwork of activity; it is not uniform. And that is why I think that the Higher Education Act, and particularly the points to which I spoke this morning, could be stimulative of more uniform activity by creating a Statewide trust fund to which all communities can aspire, and then you change the attitudes and therefore the behaviors of human beings about their possibilities to succeed.

Senator METZENBAUM. The administration has proposed to eliminate the current State Student Incentive Grant program, arguing that it has served its purpose. You propose to revitalize the program to a new early intervention program, but I gather that you also favor continuing the current program with some alterations.

Why do you believe it should be continued, and what changes would you recommend?

Ms. HAIRSTON. Senator Metzenbaum, I believe it should be continued because it is a significant part of the incentive to States to remain committed to financial aid programs, number one, and second, quite frankly, this is not the time to be withdrawing any dollars from student financial aid. It does not make sense to do that nationally. We need to help these students and these children and their families to go to college—not pull funds away from doing that.

What we are seeing across this Nation is rising tuitions. States are having great difficulty financially in providing the services that citizens expect and want from government, and the cost of higher education is being borne in greater degree by students. What we need to do is to provide additional incentives to help bolster our financial aid programs, and perhaps as they rise at the State level, when OIG's, Ohio instructional grants, or other State incentive

grants, that the SSIG program could be a greater incentive for doing that, encouraging greater growth of State programs.

Senator METZENBAUM. Thank you very much, Ms. Hairston.

Thank you, Mr. Chairman.

Senator PELL. Thank you very much.

Senator Simon.

Senator SIMON. First just two technical, specific questions. Mr. Wenc, what is the tuition at Carleton?

Mr. WENC. I think if you look at the handouts that you have, there is a breakdown of our cost of attendance; it is roughly $16,000. Football tickets are free.

Senator SIMON. OK. Mr. Taylor, what will it cost Louisiana—3 years from now, when you will have more students involved in this program, what will be the cost? You have projected this out.

Mr. WENC. Actually, sir, if you go out 10 years, recognizing first that Louisiana will be spending $3 billion a year on education, the State-paid tuition and fees are estimated only at $30 million—and that is during the 10th year. But we have seen results in our schools in Louisiana that are worth far, far more than that now.

Senator SIMON. Now a question directed to all three of you, and first of all I comment you for your leadership and what you have done, Mr. Taylor.

Mr. TAYLOR. Thank you, sir.

Senator SIMON. And as you outlined some changes—I'd buy those tomorrow. Unfortunately, they cost money. And one of the decisions that we have to make here in this subcommittee is are we just going to tinker with the Higher Education Act, as we have done the last two times in the reauthorization, or are we going to dream and really do something significant for the Nation. But if we are to do that, it is going to take revenue, and we're going to have to put our necks on the line, and the question is will the higher education community stand up and say, not just meekly, but in a loud, clear voice, this is in the national interest?

If I could ask that question of all three of you—Ms. Hairston.

Ms. HAIRSTON. My sense is that on a daily basis, those of us in higher education recognize that there need to be some very dramatic changes in the way we approach encouraging young people to go to school and to succeed there.

I was talking with an aide to Senator Metzenbaum before this committee hearing and said one of the critical pieces is simply helping people to recognize and realize that college is a future possibility for them. That takes an awareness effort and a reaching out effort that is a human being-to-human being kind of thing.

I think these directions, for example, for SSIG are new and would provide that kind of a beginning. There may be others as well; I have focused on this one. But I think dramatic change is possible.

Senator SIMON. OK, but with all due respect, you have not answered my question. My question is will you and will the people at Ohio State and elsewhere stand up and say to members of the House and the Senate we have to do something dramatic, and we're willing to back it up and say yes, let's get the revenue for it.

Ms. HAIRSTON. Senator Simon, I think that that kind of consensus comes from seeing what is being proposed. Any group that has

an investment that is made and understands how well it works is going to be naturally reluctant to chuck it without understanding what the possibilities are for change.

Senator SIMON. I understand that, but assuming we come up with a program that you would buy and you would be enthusiastic about, are you going to also stand up, not just for the program, but for the money?

Ms. HAIRSTON. Oh, I am confident of that.

Senator SIMON. Mr. Wenc.

Mr. WENC. Senator, I'm not so confident of that. We in Minnesota are currently—this week—having problems. Our budget proposal to set public tuition at 60 percent of cost was defeated—I think a compromise at 40 percent of cost. I think unless you can get a partnership, a true partnership, of State, Federal, institutional and the business community to speak to this issue, you will not have major change.

That is not that I as an individual would not like to see major changes, but I am a pragmatist to say that unless we can all get together and agree that everybody will have to pay more, then I think we have a problem.

Senator SIMON. But you are saying, if I follow you, that if we forge that partnership that people are going to be willing to stand up.

Mr. WENC. I think so.

Senator SIMON. Mr. Taylor.

Mr. TAYLOR. Senator, I am absolutely convinced, based on my own experience, that what you desire will in fact happen. This legislation that we are suggesting on the State level has succeeded in eight States. Every one of those States have continuing budgetary problems. In every one of those States, however, those institutions of higher education, those chancellors and presidents and their boards, came together with me and influenced their legislatures to pass the legislation paying tuition and fees. The first year afterward in Louisiana, our legislature, facing a deficit, but realizing that the people of Louisiana saw those institutions for the first time as being available for their children, our legislature voted a $120 million increase for higher education, the first increase in 10 years.

On the Federal level, sir, the latest figures I have are that the Pell Grant program in I think it was 1989 cost the Federal Government $5 billion. And yes, I think that that could and should be doubled based on the proposal that I have made today. But in that same year, the information that I have is that the Federal Government spent $21 billion as a direct result of unwed teen pregnancy. We have cut our pregnancy rate in New Orleans dramatically. Where do you want to spend your money—on prevention, or caring for people after we have caused them to fail?

Senator SIMON. May I be a little more specific. You happen to be in the energy field. One of the possibilities as we talk about possible revenue would be a $5-per-barrel oil import fee. What does Patrick Taylor say about that?

Mr. TAYLOR. Well, Patrick Taylor, oil producer, thinks that we should have had an oil import fee for years and years. It would solve a lot of problems, including a higher price at our wellheads so

that we could drill more domestically. But I don't think we ought to get onto that.

I would be in support of any measure that would provide a future for this Nation's children. Without that future, this Nation will no longer continue to exist as an industrialized Nation.

So I am with you, Senator.

Senator SIMON. OK. Thank you, Mr. Chairman.

Senator PELL. Thank you.

Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman. I came in late, and my apologies. Unfortunately, I had a couple of other meetings. I would like to ask that my statement be made a part of the record, and I will value reading the testimony because I have great respect for the witnesses who have testified.

Thank you.

Senator PELL. Without objection, your statement will be included.

[The prepared statement of Senator Kassebaum follows:]

PREPARED STATEMENT OF SENATOR KASSEBAUM

The subcommittee is continuing its series of hearings on the reauthorization of the Higher Education Act. Today's hearing will address several topics, including program integrity, graduate education, cooperative education, state scholarship incentive grants, and the campus-based programs.

The variety of topics which will be covered underscore the broad range of the federal government's involvement in postsecondary education. Like Joseph's coat, education is a coat of many colors. Its goals are as varied as life itself, and the diversity of offerings in our nation's postsecondary institutions reflects this richness.

It is appropriate that we begin this hearing with a look at program integrity issues. Although much has been done to try to address problems which have developed over the years, the sad fact is that well publicized abuses of student financial aid have cast a long shadow over the program.

The American public has always held high confidence in the value of education and has willingly supported federal efforts to make the opportunity for a postsecondary education more widely available. The perception, however, that these opportunities are being squandered or abused erodes this public support.

In an earlier hearing, we looked at the complexity of the financial aid application process—certainly a frustration for all concerned. Equally frustrating has been our inability to devise a way to pinpoint those elements of a postsecondary institution which mark it is one which offers a quality education.

The availability of federal aid to students attending a particular institution implies a certain "stamp of approval" for the opportunities it offers. We do a tremendous disservice to students if we do not take every possible step to assure that eligible institutions are also good ones.

It seems to me that the American public is becoming increasingly troubled that federal programs just don't work the way they should. This concern is by no means limited to federal student aid

programs. Unfortunately—from complicated forms to schools which equip students with debt but without the means to repay it—there are ample examples to fuel this unease.

It is perhaps human nature that horror stories fix themselves upon the memory while positive outcomes are taken for granted. While maintaining our perspective regarding the enormous strengths of our system of postsecondary education and the positive contributions of federal aid programs, we must fix what is broken.

Senator PELL. Thank you all very much indeed.

We now turn to our second panel: Mr. Donald Nolan, Deputy Commissioner of Higher and Continuing Education in New York; Mr. Stephen Blair, president and CEO of the National Association of Trade and Technical Schools, and Dr. Robert Atweil, president of the American Council on Education.

Gentlemen, welcome. We'll start off with Mr. Nolan, the deputy commissioner of higher and continuing education, Albany, NY.

STATEMENTS OF DONALD L. NOLAN, DEPUTY COMMISSIONER OF HIGHER AND CONTINUING EDUCATION, ALBANY, NY, ON BEHALF OF STATE HIGHER EDUCATION EXECUTIVE OFFICERS; STEPHEN J. BLAIR, PRESIDENT AND CEO, NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS, WASHINGTON, DC, AND ROBERT H. ATWELL, PRESIDENT, AMERICAN COUNCIL ON EDUCATION, WASHINGTON, DC

Mr. NOLAN. Chairman Pell, members of the subcommittee, it is a privilege to testify today on the reauthorization of the Higher Education Act, specifically on the issue of institutional integrity and accountability in Federal student assistance programs.

I serve as the deputy commissioner for higher and continuing education in the State of New York, but I also speak on behalf of the Association of State Higher Education Executive Officers, SHEEO, and the Board of Regents.

Until recently, public trust in the Federal student assistance programs was founded on the belief that these programs provided access to quality education at institutions operating with administrative and financial integrity. Since the inception of the student assistance programs, institutional integrity has been addressed by a system that requires institutions to be approved in different ways by the Federal Government, the States and private accrediting bodies.

This current institutional eligibility and approval process has grown to be confusing and ineffective in assuring the quality of education programs.

You know all the reasons. They have been in the press, they have been at hearings before you. The public trust in this system has clearly eroded. We believe a new system must be put in place to ensure basic quality, tighten fiscal and operational accountability, and restore the public trust.

Others who have examined the weaknesses and shortcomings of the current system seem to be in agreement on one point: States should be invited to accept a greater responsibility for the oversight and accountability of the system, in a strengthened partnership with the Federal Government.

The establishment of a State-centered institutional eligibility and accountability system would move the locus of responsibility closer to the institutions and their educational programs. States can be more effective in their oversight of postsecondary institutions and educational programs than the Federal Government. Also, we believe it would be most appropriate if the primary oversight responsibilities for Federal programs were placed in the hands of public governmental bodies rather than with private, nongovernmental accrediting agencies that have in the past avoided a regulatory role.

Such a new State approval system can be loosely modelled on the current State-approving agency structure administered by the Veterans Administration. Under such a model, Congress would identify areas in which State standards of quality should be developed.

The Secretary would be authorized to approve a State's plan for meeting its own standards, and in doing so would recognize that the States may develop different standards for different classes of institutions as defined by the States' respective constitutions, laws and regulations. In other words, while federally-set areas for standards would be uniform in order to assure basic quality and accountability, States would have some degree of flexibility in their implementation. States would then be accountable to the Federal Government for approval, oversight, and any disciplinary measures over institutions in that State receiving Federal student aid.

We propose that participation in the system be voluntary on the part of the States. In the event a State chooses not to participate, the Secretary would be free to enter into agreements with other reliable agencies or organizations, which would monitor the institutions in question using the federally-set standards of accountability and integrity.

New York is currently in a position to participate in such a system, given our experience as a recognized national accrediting body. We believe many other States are also in a position to assume the responsibilities in this proposed system.

For those States ready and able, we propose that Congress authorize funds to pay the administrative costs involved in developing, implementing and maintaining the system. We propose an authorization of approximately one percent of the current Federal funds available under Title IV. These would be allocated to participating States, taking into account the numbers of institutions and students in the State as well as the level of Federal financial assistance received.

The State Higher Education Executive Officers and the New York State Board of Regents have prepared specific language for your consideration, and it is attached to my testimony.

I'd be happy later to answer any questions you have concerning these proposals.

Thank you very much.

Senator PELL. Thank you very much indeed, Mr. Nolan.

[The prepared statement of Mr. Nolan (with an attachment) follows:]

PREPARED STATEMENT OF MR. NOLAN

Dear Chairman Pell and Members of the Subcommittee: I appreciate this opportunity to testify before you today on the reauthorization of the Higher Education Act, specifically on the issue of institutional integrity and accountability in Federal student assistance programs. I am Donald Nolan, Deputy Commissioner of Higher and Continuing Education in the New York State Education Department. I speak today on behalf of the Association of State Higher Education Executive Officers (SHEEO) and the New York State Board of Regents.

Until recently, public trust in the Federal student assistance programs was founded on the belief that these programs provided access to quality education at institutions operating with administrative and financial integrity. Since the inception of the student assistance programs, institutional integrity has been addressed by the triad system that requires institutions to be approved in different ways by the Federal government, the states, and private accrediting bodies.

This current institutional eligibility and approval process has grown to be confusing and ineffective in assuring the quality of education programs. Poor educational quality, rising default costs, and shady financial dealings at some of the schools serving Federal aid recipients have been documented in governmental studies, congressional hearings, media reports, and through burgeoning consumer complaints. As a result, public trust in the system has eroded.

We believe a new system must be put in place to ensure basic quality, tighten fiscal and operational accountability, and restore the public trust. Others who have examined the weaknesses and shortcomings of the current system seem to be in agreement on one point: states should be invited to accept a greater responsibility for the oversight and accountability of the system, in a strengthened partnership with the Federal government.

The establishment of a state-centered institutional eligibility and accountability system would move the locus of responsibility closer to the institutions and their educational programs. States can be more effective in their oversight of postsecondary institutions and educational programs than the Federal government. Also, we believe it would be most appropriate if the primary oversight responsibilities for Federal programs were placed in the hands of public governmental bodies, rather than with private, non-governmental accrediting agencies that have avoided a regulatory role.

Such a new state approval system can be loosely modeled on the current state approving agency structure administered by the Veterans Administration. Under such a model, Congress would identify areas in which state standards of quality should be developed.

The Secretary would be authorized to approve a state's plan for meeting its own standards, and in doing so would recognize that the states may develop different standards for different classes of institutions as defined by states' respective constitutions, laws, and regulations. In other words, while federally set areas for standards would be uniform in order to assure basic quality and accountability, states would have some degree of flexibility in their implementation. States would then be accountable to the Federal government for approval, oversight, and any disciplinary measures over institutions in that state receiving Federal student aid.

We propose that participation in the system be voluntary on the part of the states. In the event a state chooses not to participate, the Secretary would be free to enter into agreements with other reliable agencies or organizations, which would monitor the institutions in question using the Federally set standards of accountability and integrity. New York is currently in a position to participate in such a system, given our experience as a recognized national accrediting body. We believe many other states are also in a position to assume the responsibilities of the new system.

For those states ready and able, we propose that Congress authorize funds to pay the administrative costs involved in developing, implementing, and maintaining the system. We propose an authorization of $100 million (approximately 1 percent of the Federal funds available under Title IV), to be allocated to participating states, taking into consideration the numbers of institutions and students in the state, as well as the level of Federal financial assistance received.

SHEEO and the New York State Board of Regents have prepared specific legislative language for your consideration. I would be happy to answer your questions concerning those proposals.

A NEW STATE-FEDERAL PARTNERSHIP
FOR ASSURING INSTITUTIONAL INTEGRITY
AMENDMENT TO HIGHER EDUCATION ACT TITLE IV

NYS REGENTS PROPOSAL

To permit States to designate State Approving Agencies to approve of postsecondary institutions participating in student assistance programs authorized under Title IV of the Higher Education Act of 1965.

Section 1. Subsection 487(a) of the Higher Education Act pertaining to program participation agreements for institutions participating in Title IV student assistance programs is amended by adding the following paragraph after paragraph (10):

"(11) The institution, if its total annual enrollment is 100 or more students, shall be subject to approval by a State Approving Agency, as provided in part H of this Title, effective 12 months after this bill is enacted."

Section 2. State Approving Agency Program.

Title IV of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part H:

"Part H – State Approving Agency Program

SEC.492. FINDINGS AND PURPOSE.

(a) FINDINGS.--The Congress finds that--

(1) Effective use of Federal student assistance funds requires more oversight of postsecondary institutions and educational programs than this Title currently requires;

(2) Private accrediting agencies and organizations cannot be expected to serve as oversight agencies for the purposes of this Title;

(3) Most of the States do not impose State standards on the educational programs offered at every institution participating in Federal student assistance programs; and

(4) Federal oversight of postsecondary institutions and educational programs is less effective than oversight by the States, as demonstrated by nearly 40 years of experience with State approval of educational programs serving veterans of the U.S. Armed Forces.

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(b) STATEMENT OF PURPOSE.--It is the purpose of this part to authorize the Secretary to enter into agreements with the States that would--

(1) establish one State Approving Agency in each State to approve postsecondary institutions and educational programs for the purposes of this Title; and

(2) provide Federal funds to each State Approving Agency for performing the functions required by such agreements with the Secretary.

SHEEO PROPOSAL

"SEC. 495(a). Program Authorized. — The Secretary is authorized, in accordance with the provisions of this section, to make grants to eligible States

"(1) to enable the eligible State to investigate complaints concerning, and ensure enforcement of State laws applicable to, institutions of higher education in the State having students that receive financial assistance under this title, and

"(2) to investigate such complaints and ensure such enforcement with other applicable provisions of this title, as appropriate.

"(b) Reimbursement. — From the sums appropriated pursuant to subsection (f) in any fiscal year the Secretary shall reimburse each eligible State having an application approved under subsection (c) the amount actually spent to carry out the application of that State.

"(c) Eligibility. — A State is eligible to receive a grant under this section if the State —

"(1) enforces State laws and policies with respect to the authorization of institutions of higher education within the State to provide education and training beyond secondary education which the Secretary determines meet Federal standards for the purpose of assuring compliance with the provisions of this title;

"The Secretary shall develop the standards under this section after consultation with appropriate State agencies and the Association of State Higher Education Executives Officers.

"(2) agrees to assure that the State licensing and monitoring of institutions of higher education, as appropriate, will be sufficient to determine compliance with Federal and State laws and policies described in paragraph (1);

"(3) agrees to adopt and enforce procedures and requirements which will protect students enrolled at institutions of higher education within the State in case of the closure of any such institution of higher education, which may include —

"(A) the provision of a performance bond;

"(B) the provision of the teaching of students;

"(C) the retention of the records of students in the event of such closure; or

"(D) a State tuition refund program which meets criteria established by the Secretary;

"(4) ensures that, to the extent practicable, each institution of higher education within the State has fair and equitable student refund policy;

"(5) adopts and enforces a consumer protection policy for students enrolled in institutions of higher education in the State which meets or exceeds standards established by the Secretary;

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SEC. 493. STATE APPROVING AGENCY PROGRAM ESTABLISHED.

(a) PROGRAM AUTHORITY.--The Secretary shall, in accordance with the provisions of this part, enter into agreements with each of the States to carry out the purposes of this part. If any State fails to enter into an agreement with the Secretary for the purposes of this part, the provisions of this part which refer to the State, with respect to such State, shall be deemed to refer to other appropriate arrangements made by the Secretary for program approval in that State. If any institutions eligible to participate in student assistance programs authorized under this Title are not offering educational programs in a State (e.g., foreign medical schools or schools located in U.S. territories), the provisions of this part which refer to the State, with respect to such institutions, shall be deemed to refer to the Secretary.

b) AUTHORIZATION OF APPROPRIATIONS.--For the purpose of enabling the Secretary to make payments to States which have made agreements with the Secretary under this part, there are authorized to be appropriated $100,000,000 for fiscal year 1993, and such sums as may be necessary for the succeeding fiscal years.

(c) REIMBURSEMENT SUBJECT TO CONTINUING COMPLIANCE.--The Secretary shall make payments for agreements only to States which continue to meet the requirements of their agreements.

(d) EFFECTIVE DATE.--This program shall be effective 12 months after this bill is enacted.

SEC. 494. DEFINITIONS.--For the purposes of this part--

(a) the term "State" means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico;

(b) the term "institution" means an eligible institution defined in section 435(a) of this Title or an institution defined in section 481 of this Title that (i) has entered into a program participation agreement with the Secretary as described in section 487 of this Title and (ii) has a total annual enrollment of 100 or more students;

(c) the term "educational program" means:

(1) a postsecondary education program provided by an institution defined in subsection (b) and leading to a degree, certificate, or other educational credential recognized by the State in which the program is offered;

(2) a course of postsecondary study necessary for enrollment in a program defined in paragraph (1); and

(3) a program of postsecondary vocational or technical education provided at an institution defined in subsection (b) and designed to prepare individuals for useful employment in recognized occupations.

SEC. 495. STATE APPROVING AGENCY AGREEMENTS.

(a) STATE ORGANIZATION STRUCTURES.--

"(6) establishes and carries out a due process procedure under State law or State regulation relating to the withdrawal of, or failure to renew, the license of any institution of higher education within the State, as appropriate, to operate or continue to operate within the State; and

"(7) establishes and carries out a process for the investigation and resolution of complaints by students enrolled in the institutions of higher education within the State referred by the Department, by the State Attorney General, or made by any aggrieved student.

"(d) Uses of Funds. --- Grants under this section may be used for investigative, monitoring, and enforcement activities designed to carry out the eligibility requirements set forth in subsection (c), together with necessary State administrative expenses associated with such activities.

"(e) Applications Required. --- No grant may be made under this subpart unless the State submits to the Secretary an application at such time, in such matter, and containing, or accompanied by, such information that the Secretary may reasonably require. Each such application shall ---

"(1) designate a single State official or agency responsible for the coordination of the enforcement activities described in this section;

"(2) describe the activities to be carried out in the State under the program authorized by this section, and the costs of such activities;

"(3) assure that the State will report on the enforcement activities carried out under this section to the appropriate regional or national accrediting body and to the Department on any negative action taken by the State with respect to the licensing or authorizing of the institution of higher education to provide an educational program within the State, including any action denying, suspending, or terminating the authority of such institution to operate within the State; and

"(4) include such additional information and assurances as the Secretary deems necessary.

"(f) Authorization of Appropriations. --- There are authorized to be appropriated $15,000,000 for the fiscal year 1992, and such sums as may be necessary for each of the four succeeding, fiscal year to carry out the provisions of this subpart."

"(g) Definition. --- As used in this section, the term institution of higher education includes an eligible institution described in sections 435(a), (b) and (c)."

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(1) Each agreement shall describe a State organizational structure that includes every institution, defined in subsection 494(b) of this part, in the State.

(2) For the purposes of this part, the selection of the State entity authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

(3) Nothing in this part shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, a specific State organizational structure.

(4) Nothing in this part shall be construed as a limitation on the authority of any State to adopt a State organization structure for postsecondary education agencies, institutions, or programs which is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this part to modify the State organizational structure at any time subsequent to entering into such agreement.

(5) Notwithstanding the provisions of paragraphs (2), (3) and (4) of this subsection, the Secretary may require each State to develop an organizational structure, subject to the limitations of paragraphs (2), (3) and (4), that incorporates every institution, as defined in this part, in that State as part of the agreement pursuant to this part. The Secretary shall provide to each State, at intervals to be specified in regulation, a list of every institution that shall be incorporated into the organizational structure of such State for the purposes of this part.

(b) CONTENTS OF AGREEMENTS.--Agreements between each State and the Secretary shall contain the following features:

(1) Designation of the State entity responsible for granting State authorization to each institution in that State to offer postsecondary education;

(2) Designation of the State entity responsible for assuring that each institution in that State remains in compliance with State requirements for offering postsecondary education programs in that State;

(3) Designation of the one State Approving Agency that shall represent all entities of that State designated in paragraph (1) and (2) of this subsection for the purposes of this part;

(4) Assurances that the State Approving Agency will administer the program authorized by this part and will keep such records and provide such information to the Secretary as may be requested for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary;

(5) Description of the relationship between that State's State Approving Agency designated for the purposes of this part and both (i) the agency or agencies designated for the purposes of Chapter 36 of Title 38 of the U.S. Code and (ii) the State loan insurance program established under section 428(b) of this Title; and

(6) Plan for performing the functions described in section 496 of this part.

(c) FEDERAL RESPONSIBILITY.--Notwithstanding any other provision of law, no State shall be required to fulfill the obligations of an agreement with the Secretary under this part unless the Secretary reimburses that State for the Federal costs, specified in section 495A of this part, for performing the State Approving Agency functions required by such agreement and no State shall be required to enter into an agreement with the Secretary under this part unless the Congress appropriates the funds to pay those Federal costs.

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SEC.495A. FEDERAL REIMBURSEMENT OF STATE APPROVING AGENCY COSTS. The Secretary shall reimburse the States for the costs of performing State Approving Agency functions required by agreements with the Secretary authorized under this part. Such costs shall include reasonable and necessary expenses of salary and travel incurred by employees of such agencies and allowances for administrative expenses. The Secretary may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of agreements with the Secretary.

SEC. 496. FUNCTIONS OF STATE APPROVING AGENCIES.

(a) APPROVAL AUTHORITY.--The State Approving Agency shall approve an institution for the purposes of this part if the following conditions are met--

(1) The institution obtains initial authorization to offer programs by meeting published State standards for--

(A) Financial and administrative capacity at a specified scale of operations;
(B) Facilities, equipment, and supplies;
(C) Personnel;
(D) Curriculum and instruction;
(E) Admissions, academic calendars, tuition charges and fees, grading, academic progress, student conduct, and advertising;
(F) Submitting data and documents on enrollments, completions, finances, and other topics;
(G) Maintaining student records; and
(H) Other standards that a State may legally require.

(2) The institution demonstrates its continuing compliance with standards related to paragraph (1) of this subsection.

(3) If a State does not have State standards related to paragraph (a), the institution shall meet standards prescribed by the Secretary through regulation or through an agreement with such State.

(4) If the State Approving Agency uses either (i) accreditation by a private accrediting agency or body or (ii) compliance audits performed by a State guaranty agency established under section 428(b) of this Title as a substitute for State approval of compliance with standards in paragraph (1), such substitution shall be provided for in an agreement with the Secretary.

(b) DIFFERENTIAL STANDARDS FOR APPROVAL.--A State Approving Agency may establish different standards of approval for different classes of institutions as defined by its relevant State laws and regulations. However, a State Approving Agency must have some published standard of approval for each paragraph in subsection (a) paragraph (1) for each such class of institutions unless the agreement with the Secretary under this part specifically exempts such classes of institutions as defined by the State.

(c) DISAPPROVAL.--A State Approving Agency may determine that an institution or educational program should be disapproved based on its own findings or the findings of a Federal entity.

(1) STATE APPROVING AGENCY FINDINGS.--If a State Approving Agency finds that an institution is not in compliance with standards established for subsection (a), such State

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Approving Agency must notify the Secretary of its findings and the actions that such Agency is taking, or has taken, in response to such findings within a time period prescribed by the Secretary's regulations. If a State Approving Agency disapproves an institution or an educational program at an institution, such State Approving Agency must notify the Secretary of its action as prescribed by regulation.

(2) SECRETARY'S FINDINGS.--If the Secretary or other Federal entity takes any action against any institution with which it has a participation agreement as provided in section 487 of this Title, the Secretary shall notify the State Approving Agency (or agencies, in the case of multi-state institutions) of such action within a time period prescribed in the Secretary's regulations and the State (or States) may disapprove such institutions for the purposes of this part.

(3) PROCEDURAL PROTECTIONS FOR DISAPPROVAL.--Institutions shall have the same procedural protections for the purposes of disapproval under this part as they have under this Title and under the relevant laws of the States.

(d) LIMIT ON STATE APPROVING AGENCY FUNCTIONS.--State Approving Agency functions shall not include either (i) performing financial and compliance audits as may be required under subsections 428 or 487 of this Act or (ii) assuming financial liability for claims against institutions which have been approved by such agencies.

(e) CONSUMER COMPLAINTS.--A State Approving Agency shall establish procedures for receiving and responding to consumer complaints about approved institutions and shall keep records of such complaints in order to determine their frequency and nature for specific institutions.

(f) PERSONNEL DEVELOPMENT.--A State Approving Agency shall provide initial and continuing training to its own personnel and other personnel in its State, including personnel at institutions subject to approval, to serve the purposes of this part.

(g) ENFORCEMENT MECHANISMS.--Nothing in this part shall restrict the authority of the States to establish mechanisms to enforce the standards established in subsection (a) or require the States to establish specific mechanisms recommended by the Secretary. The plan required in paragraph 495(b)(6) may include, but not be limited to, such mechanisms as:

(1) Assessing fees to finance State oversight and protect against tuition liabilities;

(2) Conducting on-site investigations;

(3) Pressing civil or criminal charges against institutions or school owners or imposing civil fines;

(4) Imposing pre-enrollment academic standards for students;

(5) Regulating the use of paid recruiters; and

(6) Establishing disclosure and reporting requirements on institutions and school owners."

Senator PELL. We would now like to hear from Mr. Blair.

Mr. BLAIR. Mr. Chairman, members of the subcommittee, I am the president of the National Association of Trade and Technical Schools, an organization that represents approximately 1,200 private career colleges and schools that currently educate nearly 700,000 students. I appreciate this opportunity to share my thoughts with you as you consider the reauthorization of the Higher Education Act.

Mr. Chairman, we appreciate your deep and abiding commitment to education. It is extremely appropriate that the most important grant program bears your name. Federal student aid programs have helped millions of students get a postsecondary education that has led to employment and empowered them to achieve the American dream.

I believe it is especially appropriate that you are taking this morning to focus on the need to protect the integrity of Federal student aid programs. Clearly, for the student aid programs to continue to fulfill their mission, we must demonstrate to the American people the effectiveness of the Federal programs and restore their confidence in the integrity of these programs.

I am here today to not only represent NATTS, but also the Association of Independent Colleges and Schools (AICS). NATTS and AICS are the nation's two largest organizations that represent private career colleges and schools. Together we are educating nearly 1.5 million students in 130 different career-specific fields. This morning I would like to briefly outline our associations' efforts to improve the quality of education offered at our schools and reducing problems surrounding the student aid programs. Attached to my written testimony is a copy of a detailed "Report Card" which outlines the actions NATTS and AICS have already taken.

While we can by no means assume that all the problems have been solved, it is essential to recognize the very real progress that has been made. For the last several years, NATTS and AICS have undertaken numerous rigorous reform efforts to address the most common criticisms of private career colleges and schools and their accrediting bodies. These criticisms include:

(1) Nothing is being done about problem schools;

(2) There is little or no oversight of institutions or programs;

(3) There is no consumer protection to safeguard the interests of students or taxpayers; and

(4) Nothing is being done to reduce student loan defaults.

Myths, lack of awareness or political expediency have enhanced criticisms. Most people simply do not realize or choose to ignore that the process has been improved and that very dramatic changes have been put into place by associations such as AICS and NATTS.

Actions by our associations, our accrediting commissions, and legislative and regulatory reforms that we have proposed and supported have helped reduce student loan defaults and abuse of the student aid programs.

Since 1988, for example, 13 out of every 100 NATTS and AICS schools reviewed have lost their accreditation. Another 249 have closed their doors. This represents a total of 433 schools that have lost their accreditation, closed their doors, or moved their accredi-

tation. Most of these people moving and losing their accreditation could not meet our standards for curricula, financial operations or school management.

Our associations have been willing to go to court to have accreditation removed. Since 1988, NATTS and AICS have fought court cases against 19 schools at a cost of more than $1 million in legal and related fees.

NATTS and AICS have also increased our oversight of institutions, tightened our standards of accreditation, and initiated rigorous programs to dissuade institutions from applying for accreditation in the first place.

Our much stronger guidelines have addressed such critical issues as recruiting practices, student refunds, admissions, testing and branching.

We have also developed rapid-response and fact-finding teams to visit schools with reported problems. NATTS and AICS have student loan default reduction programs. In addition, NATTS and AICS have supported strong legislative reforms in the Congress. For example, we have backed bills dealing with student loan default reduction, equitable student refunds, postsecondary graduation and placement rate disclosure, and measures to prevent accreditation jumping.

Despite these advances, NATTS and AICS understand additional reforms are needed. We have submitted to your committee a comprehensive reauthorization proposal. It contains reform provisions that would help bring us the rest of the way.

As you know, there are many players involved in postsecondary education. Each player has different tasks to perform and different responsibilities to carry out.

The most important component of our reform package would be to clarify the unique oversight roles and responsibilities of each member of the so-called "triad." As you know, the triad consists of accrediting bodies, State regulatory bodies, and the Federal Government.

We believe we must clarify these responsibilities and strengthen the powers each member needs to carry them out and establish expected outcome measurements for each of the participants.

Through the changes we advocate, accrediting bodies would be better able to evaluate the quality of education, States could better monitor business practices and protect consumers, and the Federal Government could do a better job of determining institutional eligibility for financial aid.

Each member of the triad must rely upon the other players to meet their responsibilities. Consequently, our plan also advocates standards by which all members of the triad could be evaluated and held responsible. It would also improve communication amongst the triad members and, where appropriate, loan guaranty agencies.

While improving the ability of the "triad" to carry out its oversight responsibilities, we would go further. To curb the potential for abuse, our reform planw ould also put into law specific restrictions on recruiting practices and the opening branch campuses. It would improve the regulation of third-party financial aid servicers

and institutions with dual accreditation. And it would take concrete steps to improve consumer protection.

I firmly believe that by adopting these additional rigorous but fair reforms, we can ensure that the taxpayers' dollars well spent and only institutions that provide a quality education are eligible to participate in the Federal student aid programs.

I would like to close by briefly mentioning what we think some of the additional guiding principles should be considered in the reauthorization.

We believe that the changes you make in financial aid programs must recognize the vital role they play in determining the quality of this Nation's work force. They should also recognize the impact they have on giving millions of Americans the chance to achieve the American dream.

Private career colleges and schools are a major element in the educating of America's work force. They provide the kind of job-specific technical education that American businesses demand and our economy needs to remain competitive.

Many of our schools have business and industry advisory boards that continually advise them on changes in the workplace and changing workforce needs. Our schools then respond to ensure that the education and training we provide remains up-to-date and responsive to the marketplace.

I urge the Congress to remember that Federal student aid programs must continue to foster the great diversity of opportunities that are now there. Respecting this great diversity of kinds of institutions and kinds of programs, I also want to emphasize that the Congress should not discriminate between programs or program length. Some people advocate barring students enrolled in short-term programs, but many career-specific education programs do not require 1 year of schooling, let alone four. Many students simply cannot afford to be out of the work force for a long period of time. It would be counterproductive to make it more difficult for these students to participate in the programs.

The decisions you make will have a tremendous impact upon this generation and the generations to follow and our ability to compete in the world economy.

If I can answer any questions, I'd be pleased to.

Senator PELL. Thank you very much, Mr. Blair.

[Additional information submitted by Mr. Blair follows:]

PREPARED STATEMENT OF MR. BLAIR, ON BEHALF OF THE ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS AND THE NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS

The Association of Independent Colleges and Schools (AICS) and the National Association of Trade and Technical Schools (NATTS) have been, are currently, and will remain wholly committed to improving the quality of postsecondary education and as a result increasing public confidence. Achieving this confidence requires criminal prosecution of those engaged in fraudulent activities, whether they be schools, colleges, universities, students, or financial institutions.

Any institution that engages in fraudulent practices unfortunately brings into question the quality of postsecondary private career institutions, which provide over one-half of the skilled workers entering the workforce each year.

The most common criticisms of private career schools and colleges are:

I. Nothing is being done about the "bad apples."

II. There is no oversight of institutions or programs or, if there is any, it is woefully inadequate.

III. There is no consumer protection to safeguard the interests of students and taxpayers.

IV. Nothing is being done to reduce student loan defaults.

In the past three years, myths, a lack of awareness, or political expediency have enhanced these perceived problems. Most people do not realize that the process has changed and that organizations such as AICS and NATTS have a history of ever-increasing effectiveness.

For many years, actions by these two associations, their accrediting commissions, and legislative and regulatory reforms proposed and supported by these associations have helped substantially to improve the quality of education and reduce student loan defaults and abuse of student aid programs.

In 1989, Rep. William Ford (D-MI), now Chairman of the House Education and Labor Committee, asked us to take the necessary actions to instill confidence in private career schools. In discussions with other key Members of Congress, it became clear that our associations and their accrediting commissions were expected to take the lead in identifying "bad apples," eliminating the second-rate and shoddy education that occurs in a minority of schools, and reducing student loan defaults.

The following is a report card of decisive steps AICS and NATTS have taken over the past several years to address the congressional and public concerns:

I. Weeding out the "bad apples"

- Accrediting Commission aggressively removed accreditation from institutions not meeting accreditation standards.

  -- From January 1988 until 1991, of the institutions accredited by AICS and/or NATTS, 433 schools were either removed from the accredited list by the Accrediting Commission, voluntarily withdrew (often as a result of Commission action), or closed (See Attachment #1);

  -- In the last three years, an average 13 of every 100 accredited schools reviewed lost their accreditation.

- Accrediting Commission aggressively pursued court actions to uphold integrity of accreditation.

  -- AICS and NATTS are dedicated to the integrity of the accreditation process and ensuring quality education. They are even willing to go to court to have accreditation removed when necessary. Since 1988, nineteen court cases have been fought by the AICS and NATTS Accrediting Commissions at a cost of more than $1 million in legal and related fees. Attached are examples of court cases undertaken by NATTS and AICS to uphold Commission judgments. (See Attachment #2)

II. Improved Oversight

- Increased oversight of institutions and adopted measures to ensure the accuracy of data and expedite the accreditation review and process. These measures include:

  -- Development of rapid-response/fact-finding teams to visit schools with reported problems. These teams respond immediately to serious allegations raised against any school.

  -- Required audits of financial statements to ensure the accuracy of reported data.

  -- Required workshops for accreditation application and renewal. These workshops are designed to introduce and sensitize applicant schools to the expectations and rigors of the accrediting process.

  -- NATTS fought all Temporary Restraining Orders (TROs) sought by institutions appealing Accrediting Commission

decisions in the courts to thus stop access to federal financial aid. This represents a significant shift. Prior to this policy, it was standard operating procedure for NATTS to support a school's TRO in order to help a school raise its standards.

The resistance of TROs has always been the policy of AICS.

-- Engaged in aggressive court cases to defend Accrediting Commission actions to uphold integrity of the standards.

-- Sped up due process while protecting rights of appeal. The process has been reduced from an average of two years to six months.

-- Trained team leaders to ensure that the quality of the process is maintained. Team leaders head up each school visit and are mainly responsible for ensuring that the visit is carried out with sufficient rigor and that a school is adhering to our standards.

-- Investigated high default schools identified by the Department of Education on September 10, 1990. The Department had released a list of the 89 institutions that comprise 50 percent of the student loan dollars in default for private career schools and colleges. Of the 53 schools accredited by AICS and NATTS, 22 have closed. All have been reviewed by the Department of Education; and the AICS and NATTS schools have been reviewed by their respective accrediting agencies. (See Attachment #3)

o <u>Increased cooperation of Accrediting Commission with state and federal agencies when problems exist.</u>

State licensing agencies, federal agencies and accrediting commissions are commonly referred to as the "TRIAD." Through increased communication, these three bodies are responsible for the stewardship of the integrity of institutions and federal programs, as well as improved consumer protection. In order to strengthen the role of the TRIAD, NATTS and AICS laid out the following recommendations in our proposal for the reauthorization of the Higher Education Act:

-- Clarify roles and responsibilities of members of the TRIAD.

-- Develop a system of standards by which all members of the TRIAD can be evaluated.

-- Increase communication through the sharing of additional information among all members of the TRIAD and, where appropriate, loan guaranty agencies.

The system in place now combining the regulatory oversight of the Department of Education, state licensing agencies and the accrediting bodies (the TRIAD) must be tightened. NATTS and AICS are committed to fulfilling their obligations to judge the quality of education and remove inferior schools in their sector, and will continue to do so.

III. Improving Consumer Protection

o Accrediting Commissions have tightened accreditation standards to address identified abuses.

The Accrediting Commissions have strengthened guidelines in recent years, addressing critical problem areas of abuses.

Problem:
Use of the payment of commissions to people to recruit students. At one time, institutions were permitted to pay a commissioned sales person to bring students to the door. This is no longer tolerated.

Solution:
NATTS: Institutions may only use salaried employees in their admissions activities and will not pay commissions to recruiters for these enrollments until a student has a realistic assurance of completing the program.

AICS: The Commission narrowly proscribed the recruiting and admissions practices employed by member schools and eliminated the practice of canvassing for admissions. Recruiting and admissions were strictly limited to school employees only and recruiters were prohibited from administering admissions tests.

Problem:
Over-expansion of facilities without appropriate oversight and branch campuses that were inferior in quality. Lack of sufficient oversight in this area allowed some "fly-by-night" schools to operate. Oversight has now been increased substantially.

Solution:
NATTS: The Commission has reaffirmed its standards for branch campuses to ensure that the main school is responsible for the branch; to ensure that a branch is fully reviewed prior to accreditation; and to require

that the branch's program(s) are the same as, or related to, the program(s) offered at the main school. If a branch campus is found in violation of any standard, all branches and the main school suffer the consequences.

AICS: The Commission only permits the processing of one branch application at a time. This usually takes a year. The Commission also requires an evaluation site visit before the branch opens and another visit after it opens.

Problem:
Recruitment of non-high school graduates who were incapable of succeeding in the program in which they were enrolled.

Solution:
The Commission prohibits schools from recruiting prospective students in or near welfare offices, unemployment lines, food stamp centers, and homeless shelters.

AICS and NATTS contracted with the American Council on Education to review and approve independently all tests that could be used by NATTS and AICS schools in determining the capabilities and admission of all non-high school graduates (ability-to-benefit or ATB students). AICS requires that all ATB students be both counseled and tested.

Problem:
Schools served high-risk students and had a track record of high dropout rates and a lack of support services.

Solution:
The NATTS Accrediting Commission requires that any institution serving high-risk students must provide the appropriate support services, such as day care, remediation, and counseling, to increase the probability of student success to the highest degree possible.

(Please refer to Attachment #4 for additional examples of AICS and NATTS Accrediting Commission activities.)

- Over the last three years, we have also supported stricter legislation to ensure quality education, proper oversight by appropriate agencies, and consumer protection.

The associations of AICS and NATTS and their work in legislation have involved support of specific bills having an impact on:

-- Student tuition refunds -- only the private career school sector of postsecondary education endorsed the legislative initiative to define fair and equitable refunds for students. The specific proposal significantly increases the amount of refund to a student after withdrawal.

-- Supported independently-developed testing programs for ability-to-benefit (ATB) students.

-- Supported House and Senate student loan default-reduction legislation.

-- Supported mandatory postsecondary graduation and placement rate disclosure to empower consumers in making sound choices of postsecondary institutions.

-- Endorsed legislation that granted authority to the Department of Education to suspend temporarily student aid funds at a school where there have been allegations of fraud and abuse. (See Attachment #5)

o Increased association workshops for institutions to improve administration of federal student aid programs, admissions, retention of students, and placement, and increase competencies of instructors. (See Attachment #6)

o Distributed consumer information to assist students in their career and school search.

In an effort to provide consumers with the information needed to select the right career and school for them, in 1989 NATTS began publishing Getting Skilled, Getting Ahead. More than 200,000 copies have been distributed at no charge through the U.S. Consumer Information Center, making the book its most requested publication ever.

In addition, NATTS distributed copies of the book to all state public assistance agencies to assist caseworkers in their counseling. And copies were sent to the Persian Gulf for distribution to Desert Storm troops.

This valuable guide provides students with a step-by-step process to use in locating and contacting the private career college or school that will provide the training they need; questions students should ask when evaluating the school; information students need to understand the school's requirements; and details on how students can obtain financial aid and the responsibilities involved with a loan. U.S. Senator Paul Simon has called Getting Skilled, Getting Ahead "the best consumer resource guide available."

(Attachment #7)

IV. Working to Reduce Student Loan Defaults

o Implemented, expanded and refined the nationwide Default Management Initiative, which is underway with both schools and students.

In 1986, three years before the Department of Education announced its Default Reduction Initiative, private career school organizations joined together in support of the Career Training Foundation's (CTF) Default Management Initiative. This was done at a time when evidence was just beginning to demonstrate that defaults in the loan programs were growing. There was confusion about how to support students so they would not go into default. CTF convened the first joint conference of representatives from all participants in the Stafford Loan Program. The question was: How do we make these programs work? The answers included:

-- Developed the Default Management Manual to assist schools in the administration of the financial aid programs and help instill a sense of ownership in students regarding their financial obligations.

-- Conducted Default Management Workshops where more than 5,000 school administrators have learned to reduce loan defaults.

-- Published "I Own My Loan" student guide book, written especially for students, now in its third 100,000-copy printing, stressing the importance of managing a student loan.

-- Developed Default Prevention Video Kits. This includes a guide for school staff and entrance and exit videos for students explaining the importance of repaying the loan and the severe consequences of defaults.

-- Expanded program development to now include economic life skills for student borrowers.

The recommendations contained in the Default Management Initiative became the basis of the House and Senate default reduction legislation and the Department of Education's default reduction regulations. This initiative is one of the reasons private career schools and colleges have consistently lowered their default rate over the last three years.

# # #

We must also recognize that high defaults or low graduation rates do not always mean fraud, waste, and abuse is occurring. Studies show that more often than not it means that the institution is serving a disadvantaged student population.

It must be kept in mind that we will never completely eliminate fraud, waste and abuse because these are elements of the human condition. However, we must constantly strive to eliminate fraud, waste, and abuse. Stewards of federal programs can and must promise to have a system of oversight that continually monitors programs and the participants and when we do find problems, we must move swiftly to resolve them. We must also have the commitment to continually reassess what we are doing to strive for excellence.

Private career schools and colleges play an integral part in preparing our nation's workforce. Their contributions touch our lives in untold ways. Their commitment to continued quality and elimination of abuses remains strong and their actions back this up. The attached material further details steps taken by NATTS and AICS to prevent fraud, waste and abuse.

Attachment #1

433 NATTS- AND AICS-ACCREDITED INSTITUTIONS HAVE CLOSED, VOLUNTARILY WITHDRAWN OR HAVE BEEN REMOVED FROM THE ACCREDITED LIST

	NATTS Accredited Schools	AICS Accredited Schools
No. of accredited schools as of January 1, 1988	1,195	1,036
1988		
Removed from accredited list	14	10
Voluntary withdrawals	8	10
Schools that closed	10	5
	32	25
1989		
Removed from accredited list	22	9
Voluntary withdrawals	21	10
Schools that closed	29	12
	72	31
1990		
Removed from accredited list	10	26
Voluntary withdrawals	24	17
Schools that closed	75	50
	109	93
1991		
*Removed from accredited list	***	***
Voluntary withdrawals	3	0
Schools that closed	27	41
	30	41
TOTAL NO. OF SCHOOLS REMOVED, CLOSED OR WITHDRAWN	243	190

In addition to the above, of the institutions accredited by the National Accrediting Commission of Cosmetology Arts & Sciences since 1988, 107 have been removed from the accredited list, 123 have voluntarily withdrawn from accreditation, and 117 schools have closed.

*Because the accredited institutions cited for removal by the NATTS and AICS Accrediting Commissions have the right to due process and may appeal their removal, no final number is available at this time.

Attachment #2

EXAMPLES OF LEGAL ACTIONS DEFENDING REMOVAL OF ACCREDITATION

The Accrediting Commissions of the Association of Independent Colleges and Schools and the National Association of Trade and Technical Schools have had considerable success in dealing with schools providing poor quality of education, mismanagement, or inadequate financial viability, and those that have engaged in abuse. Prosecution of cases of fraud involving federal student aid programs are the sole purview of the U.S. Department of Education (U.S. Department of Justice) and the states (state attorneys general).

Examples of just a few of the lawsuits defended on behalf of the AICS and NATTS Accrediting Commissions since January 1988 include:

NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS

Accrediting Commission

NATTS has made significant changes in its aggressive legal defense of accreditation actions in recent years, including an increased commitment to oppose temporary restraining orders and preliminary injunctions, as well as a willingness to incur expensive judicial disputes. These cases are fought in the school's jurisdiction, which increases the cost to NATTS.

NATTS no longer agrees to the entry of temporary restraining orders when schools are removed from the accredited list and file suit. Temporary restraining orders allowed federal funding to continue without limitation to the schools during the judicial process. Now, when NATTS removes a school's accreditation, NATTS resists a school's efforts to remain fully eligible for funding while the lawsuit is pending.

1. Careers Unlimited d/b/a Career Opportunities School v. National Association of Trade and Technical Schools. Career Opportunity School (COS) had a main school in Pasadena, California, and a branch in Las Vegas, Nevada, and offered programs in hairstyling and casino dealing. COS filed an application for renewal of accreditation of its main school and for final approval of its branch in 1987. In June 1988, the Commission voted to deny these applications. NATTS's Appeals Panel upheld this decision in August 1988. The basis for the decision were (1) misleading Spanish-language advertising; (2) deficiencies in COS's catalog and enrollment agreement relating to the school's tuition refund policy and the relationship between the main school and branch; (3) failure to supply financial information demonstrating the school's financial soundness and

stability; and (4) failure of the main school to exercise adequate oversight of the branch. An example of the latter problem was the branch's "learning resource center"--an empty room with unfilled bookshelves.

On August 24, 1988, COS filed suit against NATTS, the Accrediting Commission and the Appeals Panel in state court in Nevada. We had the case transferred to the federal district court in Las Vegas. Finding that substantial evidence supported the Commission's decision and that schools and the public would be harmed by continuing the school's accreditation, the district court denied COS's motion for a temporary restraining order and its motion for a preliminary injunction requiring the restoration of the school's accreditation while the case proceeded. Thereafter, we filed a motion to dismiss COS's lawsuit. Rather than respond to this motion, COS withdrew the lawsuit.

2. Delaware Valley School of Trades, Inc. v. National Association of Trade and Technical Schools. The Accrediting Commission voted to deny renewal of accreditation to the Delaware Valley School of Trades (DVST) in January 1989. The Appeals Panel upheld this decision in March 1989. The bases of the decision were (1) DVST's failure to demonstrate a sound financial structure; (2) the school's failure fully to make refund payments to students in accordance with accrediting standards; and (3) untimely refund payments to students. In April 1989, DVST filed in bankruptcy and moved for an injunction in bankruptcy court in Philadelphia, Pennsylvania to require the restoration of its accreditation. We obtained a postponement of the preliminary injunction hearing and prepared to vigorously defend against DVST's motion for preliminary injunction. Shortly before the hearing, DVST elected to drop the motion and dismiss its lawsuit. Thus, the decision to deny renewal of accreditation was left standing.

3. Bailie Communications, Ltd. v. National Association of Trade and Technical Schools. In April 1989, the Commission denied renewal of accreditation to the Bailie chain of broadcasting schools in the Western United States. The Appeals Panel upheld the Commission's decision in July 1989. The basis of the decision was Bailie's failure to demonstrate financial stability and soundness as indicated by weakness in its financial statements and a failure to pay fees and dues to NATTS.

In August 1989, Bailie filed suit against NATTS and sought an injunction requiring the restoration of its accreditation in federal district court in Seattle, Washington. The court did initially issue an order which temporarily restored Bailie's accreditation pending another Appeals Panel hearing because the court found (mistakenly, we believe) that the first Appeals Panel hearing had been procedurally flawed. After the issuance of this order, another Appeals Panel hearing was convened within two weeks of the court's decision. The Appeals Panel again upheld the

Commission. Bailie then filed a motion to set aside this decision, but the court denied Bailie's motion. Thus, the Commission's decision was left standing.

We then filed a motion for summary judgment which would have resolved the case completely in NATTS's favor. Before the court could reach a decision on our motion, Bailie filed in bankruptcy. Bailie sought unsuccessfully to argue that the automatic stay provision of the bankruptcy laws precluded NATTS from withdrawing Bailie's accreditation. Bailie failed to pursue the bankruptcy proceeding and never answered NATTS's motion for summary judgment. Eventually, the bankruptcy proceeding was terminated, and in October 1990, the case finally came to an end when the district court granted summary judgment in NATTS's favor.

4. Layne Educational Services, Inc. d/b/a Cleveland Institute of Technology v. National Association of Trade and Technical Schools. In June 1989, the Commission voted to deny final approval to the branch of the Cleveland Institute of Technology (CIT) in Toledo, Ohio. In August 1989, the Appeals Panel reviewed the Commission's decision and disagreed with two of the eight grounds for the decision. On that basis, the Appeals Panel remanded the matter to the Commission.

In October 1989, the Commission reconsidered its earlier decision in light of the Appeals Panel's review and decided again not to grant final approval to the branch based upon the six grounds that the Appeals Panel had upheld. These were: (1) poor rates of completion of students in the school's programs in Building Services Management (36.5%) and Word Processing (27.6%) (the school sought to "explain" this deficiency by noting that the male BSM students had been harassing the female word processing students and by terminating the BSM program); (2) poor placement in the Building Services Management program (45.6%); (3) inadequate instructional equipment (students were being "taught" how to screw in light bulbs and plug in air conditioners); (4) poor student attendance; (5) the school's failure to abide by its own attendance policy; and (6) misleading advertising ("Jobs! Jobs! Jobs!").

CIT filed suit against NATTS in October 1989 in federal district court in Toledo, Ohio. As usual, the school sought a temporary restraining order and preliminary injunction requiring the restoration of its accreditation. The court denied both motions. The school then elected to voluntarily dismiss its suit.

5. Simdex Company, Inc. d/b/a Simdex Technical Institute v. National Association of Trade and Technical Schools. In November 1989, the Executive Committee of the Accrediting Commission was made aware of a scheme by which Simdex Technical Institute had sold access to federal financial aid to an Indochinese immigrant group by falsely claiming that a facility operated by this group

was a separate classroom of Simdex. The scheme had been called to NATTS's attention by Senator Lloyd Bentsen's office. The Executive Committee issued an order to show cause why the school's accreditation should not be revoked in December 1989. After reviewing the school's response, the Commission voted to revoke the school's accreditation in February 1990. The Appeals Panel upheld the Commission's decision in April 1990.

In May 1990, Simdex filed suit in state court in Texas. Before Simdex's request for preliminary injunctive relief could be heard, however, Simdex voluntarily dismissed the suit and filed in bankruptcy. In the bankruptcy court, Simdex sought preliminary injunctive relief requiring the restoration of its accreditation. In July 1990, the bankruptcy court denied Simdex's request. We then filed a motion for summary judgment to resolve the case completely in NATTS's favor. Simdex did not respond to this motion, and instead withdrew its lawsuit.

6. COPES, Inc. d/b/a Golden State School of Oxnard, California v. National Association of Trade and Technical Schools. This is our most recent case. In this case, the Commission began a complete review of the school after a change of ownership. In October 1990, the Commission voted to deny the school renewal of its accreditation. The Appeals Panel upheld this decision in January 1991. The bases for the decision were (1) severe financial weakness; (2) failure to pay timely refunds to students (over $170,000 remained unpaid at the time of the Appeals Panel hearing); (3) a defective enrollment agreement; (4) failure to demonstrate that the school's refund policy was in compliance with accrediting standards; and (5) failure to pay accrediting fees.

Golden State filed suit in federal district court in Los Angeles, California in late January of this year. The school sought a temporary restraining order and preliminary injunction requiring the restoration of its accreditation, and also asserted claims for over $500,000 in damages. The court denied the motion for temporary restraining order on February 4, 1991. On February 18, 1991, the court denied Golden State's motion for preliminary injunction. In so doing, the court stated that Golden State's claims were totally without merit and suggested that they might be susceptible to a motion for summary judgment. We informed the Judge that we would file a motion for summary judgment, and in fact, did so. The school agreed to drop its lawsuit.

Bankruptcy is the only area where we have encountered difficulty in defending the decisions of the Accrediting Commission. In January 1989, a bankruptcy court in Fresno, California entered a preliminary injunction against NATTS which required the restoration of the accreditation of the Golden State School in San Bernardino and Fresno, California. The bankruptcy court's decision was principally based upon its view that the executory contract provisions of the bankruptcy laws precluded the

withdrawal of accreditation where a school had filed in bankruptcy prior to the Commission's decision. We appealed this decision to the federal district court in Fresno, California. Unfortunately, the district court agreed with the bankruptcy court. As a result, we have now appealed the decision to the Ninth Circuit Court of Appeals, and we are awaiting a decision. The Fresno precedent obliged the Commission to rescind an accreditation decision involving the National School of Health Technology in Philadelphia, Pennsylvania in August 1989.

The impediment that the bankruptcy laws pose was partially resolved by an amendment to the bankruptcy code passed in the closing days of the last Congress. That amendment clearly forecloses the use of one potentially troublesome provision of the bankruptcy laws--the automatic stay. However, the amendment did not explicitly address the executory contract provision at issue in the Fresno case.

ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS

Accrediting Commission

1. North Jersey Secretarial School, Inc. v. Association of Independent Colleges and Schools, Inc., Victor K. Biebighauser and Edward P. Mattar, U.S. District Court, District of New Jersey, Civil Action No. 83-4242-L. This action was filed in the U.S. District Court in Newark, New Jersey in November, 1983, seeking an injunction for renewal of the accreditation of the First School of Secretarial and Paralegal Studies, located in Passaic Park, New Jersey, and declaratory judgment that AICS has violated regulations of the Department of Education, and for damages under antitrust and common law tort claims, charging the defendants with entering into a conspiracy with certain other organizations and individuals to enable a competing school chain to compete unfairly with the plaintiff institution and to monopolize the business school field in New Jersey. Under the antitrust courts, plaintiff demanded compensatory and punitive damages and costs. No specific amount of damages was stated in the complaint.

Upon motion of defendants on October 3, 1984, the parts of the complaint dealing with the failure of AICS to grant accreditation to First School were stricken as moot and the allegations that AICS fails to meet Department of Education requirements for nationally recognized accrediting agencies were dismissed for lack of subject matter jurisdiction. The court granted the plaintiff leave to file an amended complaint on the remaining counts. The plaintiff filed an amended complaint in October, 1985 seeking damages on the antitrust and common law tort claims and the District Court dismissed with prejudice the amended complaint. Appellant appealed to the United States Court of Appeals for the

Third Circuit the dismissal with prejudice of its amended complaint by the trial court as a sanction for appellant's discovery abuses.

The Court of Appeals entered judgment on October 12, 1989, affirming the lower court's decision in favor of the association on October 12, 1989.

2. North County College v. Association of Independent Colleges and Schools, William Bennett, Secretary, United States Department of Education, USDOE, California Department of Education, (CAL DOE), William K. Noble, Acting Director, CAL DOE and James M. Phillips, Executive Director, AICS. This was an action filed in December, 1987 in a Chapter 11 reorganization proceeding in the U.S. Bankruptcy Court for the Southern District of California in San Diego in which the bankrupt debtor, North County College, which had been denied reinstatement of accreditation following a change of ownership, sought (a) injunctive relief to restore the accreditation and (b) damages for violating the automatic stay in the Bankruptcy Code when AICS affirmed the denial in an appeal hearing in April, 1987 shortly after the Chapter 11 petition had been filed by the school. Claimed in the complaint were compensatory damages in the sum of $1,500,000 and punitive damages in the sum of $2,C00,000. The central issue in the case was whether "accreditation" is property of the bankrupt debtor's estate which was affected by AICS' April, 1987 denial of the appeal.

On cross motions for summary judgment, the court, by order dated June 24, 1988, vacated the AICS April, 1987 affirmance of the denial as a violation of the automatic stay and ordered AICS to evaluate the school for consideration of a new grant of accreditation at the August, 1988 meeting of the Accrediting Commission. A site visit was conducted and the school was scheduled for a special appearance at that meeting of the Commission.

The issue of whether accreditation is property of a bankrupt debtor's estate and whether the automatic stay in the bankruptcy law applies to education accreditation was a novel question in the Ninth Circuit.

AICS and the Trustee of North County College entered into an Agreement and Mutual Release on June 14, 1989, in which the Trustee agreed to dismissal with prejudice of the action against AICS. The Agreement and Mutual Release did not require AICS to admit liability or to pay any damages.

3. Long Beach College of Business, Inc. v. Association of Independent Colleges and Schools, Accrediting Commission, William Bennett, Secretary of Education, Donald Waldbauer and Shirley Lowery. U.S. District Court for the Central District of

California, Civil Action No. 88 00042 CBM (GHKx). Action by Long Beach College of Business, Long Beach, California, for declaratory and injunctive relief to restore accreditation withdrawn by AICS and eligibility for federal student financial assistance programs and for damages from AICS for breach of fiduciary duty, interference with advantageous business relationships and prospective business advantages, and breach of implied covenant of good faith and fair dealing. No specific amount of damages was stated in complaint.

AICS, the Accrediting Commission and the individual defendants Waldbauer and Lowery, AICS Commissioners, filed an answer denying any liability. Granting the school's motion for a preliminary injunction, the court, on February 12, 1988, found that there was a procedural error in the AICS appeal proceeding, that the school had demonstrated likelihood of success on the merits, and ordered AICS and the U.S. Department of Education to reinstate accreditation and eligibility for federal student financial assistance programs, and further ordered the Accrediting Commission to hold a further hearing on the school's application for a new grant of accreditation at its April, 1988 meeting. By a consent order entered on April 1, 1988, the hearing was postponed to the August meeting of the Commission.

4. Robert Fiance Business Institute, Inc. v. Association of Independent Colleges and Schools, Civil Action 88.0942 U.S. District Court, Eastern District of New York. This was an action filed by Robert Fiance Business Institute, Inc., owner of American Hi-Tech Business School, an AICS accredited institution, against AICS in the Supreme Court of Kings County, New York and removed by AICS to the U.S. District Court for the Eastern District of New York in Brooklyn. The suit sought declaratory and injunctive relief to obtain a new six-year grant of accreditation, for a declaratory judgment that AICS no longer qualifies for recognition by the Secretary of Education, and for damages, compensatory and punitive, in the sum of $5,000,000 on each of four counts for wrongful denial of a new full grant of accreditation, denial of due process, breach of fiduciary duty, and breach of implied covenant of good faith and fair dealing.

Since the Accrediting Commission, at its April, 1988 meeting, has issued a new three-year grant of accreditation to the institution, the plaintiff was not able to show any damages resulting from the Commission's previous actions.

5. Denise McIntyre, et al. v. Acadiana Technical College, Inc., Phillip J. Vinciguerra, Daniel H. Guillot, and Thomas Vinciguerra, Association of Independent Colleges and Schools, Civil Action 87-4214C, Fifteenth District Court, Lafayette Parish, State of Louisiana. This is an action for damages by a group of students and former students at Acadiana Technical College, Lafayette, Louisiana, for fraudulent misrepresentation of a court reporting

program in which the students were enrolled and for violation of the Louisiana Consumer Protection Law governing unfair and deceptive trade practices. AICS was added as a defendant in July, 1988. The amount of damages claimed are $825,000 plus refund of all tuition, costs of equipment, textbooks, and other fees incurred by the plaintiffs in enrolling and participating in the school's court reporting program, together with attorneys' fees and costs.

The claims against AICS are based on breach of contract, tort or negligence and joint venture, agency or partnership theories.

Co-defendant Acadiana Technical College filed under Chapter 11 of the United States Bankruptcy Code and is not an active participant in the settlement discussions or litigation at this time. In another proceeding with Acadiana, the Accrediting Commission suspended the institution's accreditation. An appeal to the Review Board was temporarily enjoined in July 1990 on the grounds that the suspension action taken by the Commission violated the automatic stay provision of the U.S. Bankruptcy Code since Acadiana was in Chapter 11 status.

Subsequent to the court action, Congress passed legislation which specifically exempted actions by accrediting agencies from the automatic stay provisions. The Commission then proceeded to schedule the Review Board hearing. Acadiana unsuccessfully sought another TRO on the grounds that the new statute could not be applied retroactively. In April 1991, Acadiana filed for Chapter 7 dissolution.

6. Deborah Zizzo v. Watterson College, CareerCom, Association of Independent Colleges and Schools, Marty Ramsack, Dave Perris and Does 1-50, Superior Court of the State of California, County of San Diego, Case No. N45469.

This case was filed on October 29, 1989 by Ms. Zizzo, a former paralegal student at Watterson College, a school accredited by AICS. Plaintiff seeks damages against AICS under negligence and negligent misrepresentation theories. She claims she was wrongfully dismissed from the school's paralegal program because she had been critical of its quality.

At this time, the owners of the school are attempting to settle with Ms. Zizzo. No trial date has been set, and discovery is underway. The plaintiffs have been fined for failing to respond to interrogatories in October 1990.

7. Bridges, et al. v. Jefferson Business College, et al., United States District Court for the Western District of Tennessee, C.A. No. 89-3054-4B.

AICS is a defendant in a class action lawsuit filed by former students of an AICS-accredited school in Memphis, Tennessee. The first cause of action against AICS is for alleged violation of the Tennessee Consumer Protection Act. Specifically, plaintiffs allege that AICS' accreditation of Jefferson Business College was "materially misleading and fraudulent." The second cause of action alleges that AICS breached a contract with the defendant school, and that plaintiffs were third-party beneficiaries of that contract. Specifically, plaintiffs allege that in accrediting Jefferson, AICS knew the students would rely on AICS to "ensure the academic standards of Jefferson."

A motion to dismiss both counts against AICS was filed on March 29, 1990, and it is still pending.

Attachment #3

U.S. DEPARTMENT OF EDUCATION'S LIST
OF 89 SCHOOLS WITH HIGH DEFAULT RATES
AND HIGH DOLLARS IN DEFAULT

On September 10, 1990, the U. S. Department of Education released the list of the 89 institutions that made up 50 percent of the student loans in default for our sector and 25 percent of the total loans in default.

NATTS

Twenty-nine of the 89 private, postsecondary career schools and colleges listed by the U. S. Department of Education as having high default rates and a high volume of loans in default are accredited by the Accrediting Commission of the National Association of Trade and Technical Schools.

Of these 29 schools:

- All have been visited by a NATTS accrediting team.
- Sixteen of the schools are inner-city schools attended by low-income and minority students. All available research shows that students who are minority, low-income, single heads of households or independent of parental income have a higher tendency to default on their student loans than other students.
- Thirteen are still accredited. Of the thirteen, one is short-term accredited for a period of two years (accreditation is awarded normally for five years).
- Eight have been removed from the accredited list by the Accrediting Commission. Causes for removal (that are not necessarily attributable or limited to these schools) include:
  - financial instability or bankruptcy
  - educational outcomes (poor placement, low graduation and retention rates, etc.)
  - lack of continued compliance with the Standards of Accreditation

- staff stability, lack of equipment and/or inadequate facilities

- Two are under review by the Accrediting Commission;
- Two are under quarterly monitoring by the Accrediting Commission for areas such as financial concerns, placement and/or retention rates, etc.;
- One has been removed by the Accrediting Commission and ordered by a court to have its accreditation reinstated; and,
- Three are closing and in the process of a "teachout."

AICS

Twenty-four of the 89 schools listed as having high default rates and a high volume of loans in default were accredited by the Accrediting Commission of the Association of Independent Colleges and Schools (two of the schools listed as AICS-accredited were not).

Of these 24 schools:

- Thirteen were closed several months or years before the list was issued;
- Eleven are still accredited;
- All currently operating have been visited by an AICS Accreditation Commission team.
- Four of the eleven are under financial review by the Accrediting Commission (one is in Chapter 11 bankruptcy); and
- Eight of the 24 had default rates of less than 35 percent and two of those eight also have closed. The other six of these eight are still accredited, which means that more than half of the schools on the list still accredited have default rates of less than 35 percent. All but one has a default rate of less than 30 percent.

Attachment #4

HISTORICAL OVERVIEW

Listed below are several of the initiatives NATTS and AICS have undertaken over the past several years.

NATTS Accreditation

While the Accrediting Commission of the National Association of Trade and Technical Schools recognizes that accreditation is a prerequisite for eligibility for federal student financial aid, its role is not to oversee or administer federal financial aid.

For years, federal and state governments and society at large have looked to accreditation to determine if a school meets certain educational measures and sound school practices. The Accrediting Commission's exclusive concerns are educational excellence and institutional integrity. Those concerns have caused accrediting bodies to monitor and act on those schools that fail to comply with their accrediting standards.

Student Complaints: The Commission requires each school to publish in the student catalog and/or handbook the procedures to be followed in lodging a complaint concerning the institution.

Admissions Procedure: Students who have not visited the school facility prior to enrollment will have the opportunity to withdraw without penalty within three days following either attendance at a regularly scheduled orientation or following a tour of the facilities and inspection of equipment.

School Visits: The Commission has significantly increased the number of on-site visits to member institutions. In addition to the regularly scheduled five-year review visits, schools are now routinely visited on a Change of Ownership or the addition of a degree program. Visits are also scheduled when programs are added that are not within the original mission of the school. Annual Report verification visits are made to a statistically significant, randomly selected number of schools following receipt of the Annual Reports.

Codes of Conduct: The Commission drafted and adopted a series of Codes of Conduct for the members of the Commission, team members and members of Appeals Panels as well as staff. The codes reflect the Commission's determination to hold all persons involved in the evaluation process accountable for the integrity of the process.

Bankruptcy: The Commission issues a Show Cause Order to schools that file bankruptcy, requiring a detailed explanation of the institution's plan to alleviate their financial problems. During the term of the Show Cause the school is prohibited from any changes in its status, e.g. programs, ownership, location.

Recruiting Practices: Schools may only use employees in the recruitment activities with commissions for all enrollments predicated on the successful completion of, at a minimum, thirty days of training. The Commission prohibits schools from recruiting prospective students in or near welfare offices, unemployment lines, food stamp centers, and homeless shelters.

Dual Accreditation: The Commission adopted policy developed by the Council on Postsecondary Accreditation (COPA) which requires full disclosure by an institution concerning its past, present and future relationship with any other accrediting commission.

Branches: The Commission has reaffirmed its standards for branch campuses that ensure the main school's responsibility for the branch; ensure that a branch is fully reviewed prior to accreditation; and require that the branch's programs are the same as or related to the program(s) offered at the parent school and has the same name as the main school.

Instructor Qualifications: All instructors must have at a minimum two years of practical work experience or equivalent training in the field being taught and those who are responsible for General Education courses in degree programs, a baccalaureate degree.

Refunds: The Commission requires that schools will refund tuition for the program up to the 75 percent level of the program or course of study.

The Commission has also adopted these procedures designed to expedite the accreditation process and review.

Rapid Response Teams: A pool of qualified individuals is available on an ongoing basis to quickly review schools after the Commission is made aware of potential violations of accrediting standards. This method will enable the Commission to determine the level of potential problems as they develop.

Reporting: Audited or reviewed financial statements are now required. Those reports are required as part of the school's Annual Report and will give the Commission a better idea that a school may be developing a problem(s) which could affect students.

Workshops: Schools that apply for accreditation and seek to renew their accreditation are now required to attend workshops prior to application submission. These workshops are designed to improve the schools' understanding of the accreditation process and its procedural requirements and may lessen delays in the accrediting process. The workshops have also screened out schools that are not serious about applying for accreditation; in 1989, for example, 193 potential applicant schools attended accreditation workshops but only 70 actually applied for accreditation.

Appeals Panel: The Appeals Panel's scope of review of Commission decisions has been focused on the original record before the Commission, and whether the Commission's action was appropriate based on that evidence.

AICS Accreditation

Since 1988, the AICS Accrediting Commission has instituted a number of criteria and policy changes.

Clock to Credit Hour Conversion: The Commission clarified the conversion from clock to credit hours to all member schools and cautioned schools on over-awarding.

Title IV Higher Education Act Programs: A lengthy (13 page) update and analysis (including Q & A) on ability-to-benefit, remedial programs, and English as a second language (ESL) provisions in the Title IV programs was provided to all schools. The Commission also adopted specific guidelines controlling the offering of ESL programs and explained to member schools the federal regulations regarding these types of programs.

Financial Reviews: All AICS institutions under financial review by the Commission are required to seek prior approval before initiating any non-main campus activity.

Recruiting and Admissions: The Commission narrowly proscribed the recruiting and admissions practices employed by member schools and eliminated the practice of canvassing for admissions. Recruiting and admissions were strictly limited to school employees only and recruiters were prohibited from administering admissions tests.

Fast Assessment and Compliance Teams (FACT): These FACT Teams are authorized by the Commission to investigate and report on alleged improper business and educational practices by or at member institutions.

Dual Accreditation: The Commission adopted policy developed by the Council on Postsecondary Accreditation (COPA) which requires full disclosure by an institution concerning its past, present and future relationship with any other accrediting commission.

Educational Services: The Commission established policy regarding third-party contracting for educational services with non-accredited entities.

Satisfactory Academic Progress: AICS member schools are required to apply standards of satisfactory progress to all students, not just to ability-to-benefit students.

New Applicants Visit: All schools applying for AICS accreditation must first undergo a resource (readiness) visit before they proceed with the self-study review.

Required Degree: The Commission requires that instructors teaching computer subjects related to business administration and secretarial science must possess a baccalaureate degree.

Institutional Effectiveness: The Commission adopted criteria by which institutions must demonstrate institutional effectiveness, including retention, placement, and employer satisfaction.

Teach-Out Plans: The Commission requires all instructions on academic or financial show cause to submit a formal teach-out plan. The Commission also stipulates that teach-out plans, retention improvement directives or placement improvement directives may be requested from those schools on financial review.

Accounting Information: The Commission requires schools to submit all financial information based on the accrual method of accounting.

Education Component: Schools must include a general educational component for at least three years in an associate degree program before they can be considered for junior college accreditation.

Appeals Process: After a revision in the appeals procedures, the Commission provided that all negative actions, as defined by the Council on Postsecondary Accreditation, could be appealed to an outside body composed of former commissioners. The policy on confidentiality was also broadened to permit disclosure of accrediting actions to interested parties.

Strengthened Curriculums: The Commission requires all institutions to strengthen curriculums requiring state certification for graduates to be licensed to practice.

Accreditation Workshops: The Commission mandated that all schools seeking initial accreditation or renewing existing accreditation must attend an accreditation workshop.

High Default Schools: The Commission directed interim reviews of all high default (over 35 percent) schools.

Attachment #5

LEGISLATION SUPPORTED BY NATTS & AICS

Public Law 101-166, FY 1990 Labor, Health and Human Services, and Education Appropriations Act.

NATTS and AICS strongly supported several provisions of this legislation, and assisted in drafting one provision:

- Student Refunds. Each institution participating in the GSL programs with a cohort default rate exceeding 30 percent must implement a pro rata refund policy for all Title IV aid recipients. The policy must provide for at least as great a refund as would the policy defined in the Secretary's Default Reduction Initiative.

Public Law 101-239, The Omnibus Budget Reconciliation Act of 1989.

NATTS and AICS assisted legislators in drafting several provisions for this Act, including:

- Loss of Accreditation. An institution cannot be certified or recertified as an eligible institution if that institution has had its accreditation withdrawn, revoked, or otherwise terminated in the preceding 24 months or if it withdrew from its accreditation under a show cause or suspension order during the preceding 24 months unless (a) the institution's accreditation has been restored by the same accrediting agency; or, (b) the institution has demonstrated to the Secretary of Education its academic integrity in accordance with Section 1201 (a) (5) (A) or (B) of the Act.

Institutions with dual accreditation that have either had their accreditation withdrawn, revoked, or otherwise terminated or that withdraw from either accreditation under show cause or suspension order during the preceding 24 months would not be eligible for continued Title IV participation unless conditions (a) or (b) as listed above are met.

- GED Program Required for ATB Students. For schools to remain eligible to participate in any Title IV programs, other than the SSIG and Byrd Scholarship Programs, a school that admits ability-to-benefit (ATB) students must make available to these students a program that is proven successful in assisting them in obtaining a certificate of high school equivalency. Schools are not required to provide in-house GED programs but must ensure that such a program is available to students.

- Default Reduction Program and Loan Rehabilitation. This provision allows for a six month default amnesty program

for defaulted GSL borrowers. A defaulter who otherwise qualifies will be eligible to participate further in Title IV programs if he or she repays in full all the outstanding principal and interest on the defaulted loan(s) during this period. A defaulter who otherwise qualifies may also regain eligibility for participation in Title IV programs by making 12 consecutive monthly payments of a defaulted GSL and if their loan is then sold to an eligible lender.

- 30-Day Check Hold. An institution may not deliver the first installment of an SLS loan to a borrower who has not successfully completed 30 days after the first day of the program of study in the first year of the program of undergraduate education in which the student is enrolled.

NATTS also supported five additional proposals in this legislation:

o No SLS loans to undergraduates enrolled at an institution with a default rate of 30 percent or higher;

o No student may borrow more than $4,000 under the SLS program in any academic year or any period of nine consecutive months, whichever is longer;

o The proceeds of a Stafford or SLS loan must be disbursed in two or more installments regardless of the loan amount or the length of enrollment period for which the loan is made;

o Second or subsequent loan disbursements must be applied to reduce the student's loan balance after a lender or escrow agent is notified by a student or a school that a student has ceased enrollment; and

o Professional judgment may be used by aid administrators in determining aid awards only on a case-by-case basis, and similar cases may not be treated on other than a case-by-case basis.

Postsecondary Disclosure Act of 1990 (H.R. 4629)

NATTS helped to draft this legislation, which was introduced by Representative Chris Perkins (D-KY). The bill would extend the U.S. Department of Education's requirements for the disclosure of completion rates set by the Secretary's Default Reduction Initiative to include all degree-granting higher education programs, not merely those programs which prepare students for vocational, trade, or career fields.

The bill would guarantee that students seeking postsecondary education would have the opportunity to know the completion rates

of the program in which they wish to enroll. The legislation would also further protect students from schools that misrepresent their supposed graduation rates.

The Postsecondary Education Disclosure Act of 1990 was incorporated into The Student Right-To-Know Act (H.R. 1454), which was unanimously passed by the House in June. The bill requires the Secretary of Education to develop definitions and methodologies for measuring graduation rates broken down by program or field of study and by individual school or academic division. It also requires the Secretary to determine the best way to calculate employment rates of recent trade and technical school graduates in their field of expertise. The Secretary would be required to submit those findings to the Congress by October 1, 1991.

"This legislation will safeguard students who can be vulnerable consumers and unprotected citizens on traditional college campuses," said NATTS President Stephen Blair in support of the bill. "Disclosure of graduation rates across the spectrum of postsecondary institutions would enable students to determine whether their prospects of completing a given program are favorable. The legislation would provide students with valuable consumer data and help to ensure productive use of federal student aid dollars." The bill was signed into law in Fall, 1990.

Student Loan Abuse Prevention (SLAP) Act.

NATTS supported this legislation designed to halt abuses in the federal student loan program, sponsored by Rep. Lawrence Smith (D-FL) last May. In a news conference to announce the legislation, NATTS President Stephen Blair said, "A few bad apples in the private career college and school sector hurt the efforts of the majority. NATTS fully supports the Department of Education in closing the doors of schools involved in fraudulent activity."

This legislation was incorporated into the Student Loan Reconciliation Amendments of 1989 in P.L. 101-239 and became effective September 21, 1990. Under this new regulation, the Secretary of Education is authorized to use emergency action to prevent misuse of funds by suspending federal student aid funds from a school if there is reliable information that the school is violating the law. On October 4, 1990, Secretary Lauro Cavazos suspended federal aid funds to 14 schools under this regulation. The schools will have an opportunity to show cause why the sanction should be lifted.

<u>Default Reduction</u>

NATTS supported the Department of Education's Default Reduction Initiative proposed in June, 1989. Under the initiative,

regulations called for institutions with default rates between 40 and 60 percent to reduce their default rates by 5 percent each year for five years; institutions with rates over 30 percent to implement prorated refund policies; and institutions with rates above 20 percent to develop default management plans.

"These regulations are tough and will have an adverse effect upon a number of schools," said NATTS President Stephen Blair. "However, we are confident that these regulations will help to substantially reduce the defaults that are caused by the weaknesses in the current program."

The ED regulations also require that all institutions which offer vocational education programs list completion rates, placement rates, and state licensing requirements to all students. This requirement was not made of baccalaureate programs. "Parents who enroll their children in traditional four-year degree programs should have access to the same performance results expected of programs of less than four years. These degree programs should have the same consumer disclosure rules as private career colleges and schools," said Blair.

Attachment #6

QUALITY INITIATIVES

Since 1988, the Association of Independent Colleges and Schools (AICS) has been in the forefront of the quality movement in postsecondary education. In the spring of 1988, the AICS leadership convened a Quality Symposium, the first of its kind in any sector of education. That symposium was followed by the 1989 publication of Quality Assurance for Private Career Schools, an attempt at relating industrial quality assurance to the operation of independent postsecondary institutions. This book was complemented by 12 quality assurance workshops held in various locations throughout the country.

Similarly, the AICS Accrediting Commission has been in the forefront in the measurement of educational outcomes and their relationship to overall institutional effectiveness. While other sectors of postsecondary education debated the issue, AICS developed new accreditation criteria, effective in 1990, requiring institutions to be able to demonstrate satisfactory student retention and placement rates, skills and knowledge gained as a result of the instruction at the institution, and satisfaction by employers and graduates with the education received.

The most recent piece of the quality initiative has been the creation of a self-paced, campus-based faculty development package for use by AICS institutions. This package has been an attempt to bring quality to the classroom level. It is delivered to instructors either individually or through group in-service programs, and was complemented by a series of workshops in various locations around the country. The package has been met with unusual enthusiasm, and, like all of the quality initiatives, will be expanded and refined as AICS meets the challenges of the '90s.

Attachment #7

CONSUMER INFORMATION

In 1989, NATTS published Getting Skilled, Getting Ahead, a student's guide to selecting a career and the right private career school. Since then, the book has been a phenomenal success.

In an easy-to-read format, Getting Skilled, Getting Ahead provides prospective students with information on the careers in demand, and helps them determine what career is right for them. The book also includes a step-by-step process students can use in locating and contacting the private career school that will provide the technical education they need; questions students should ask when evaluating any postsecondary institution; information students need to understand institutional requirements; and how students can obtain financial aid and the responsibilities involved with a loan.

U.S. Senator Paul Simon has called Getting Skilled, Getting Ahead "the best consumer resource guide available." Last year, the Department of Education obviously agreed with Senator Simon; instead of introducing its own consumer information book, the Department publicly endorsed Getting Skilled, Getting Ahead and made the publication available, free of charge, through the U.S. Consumer Information Center. As of October 1990, more than 200,000 copies of Getting Skilled, Getting Ahead have been distributed by the Consumer Information Center, making the book its most requested publication ever.

Senator PELL. We'll hear now from Dr. Robert Atwell, president of the American Council on Education.

Mr. ATWELL. Mr. Chairman, the testimony I offer today is on behalf of the American Council on Education and 11 other higher education associations and is accompanied by written testimony and specific legislative proposals which I would like with your permission to insert both of these in the record.

Senator PELL. Without objection.

Mr. ATWELL. Federal student aid programs have come under some fire in recent years because of the high default costs in student loans and because a few institutions have abused their students, and in a few cases, the eagerness to make a profit with Federal or federally-guaranteed funds has exceeded the motivation to provide training.

Fortunately, steps already taken by the Congress and the relevant accrediting bodies, including Mr. Blair's, as you have heard, have started us on the road to reform. The high costs associated with fraud and abuse and defaults are one of the reasons for the growing imbalance between grants and loans in student aid packages, and in particular high default costs have restrained the ability of the Congress to provide sufficient Pell and other grant funds to meet the demonstrated need of students.

Our system of higher education, generally recognized as the best in the world, is also unique in the world in a number of respects, and for purposes of today's hearing one of the most unique features of that system is that the monitoring of educational quality is assigned to what you have heard referred to earlier as the "triad," consisting of State licensure and regulation of the institutions providing the education and training, voluntary accreditation and Federal program eligibility determination and oversight.

In most other nations, all of these oversight functions rest in central ministries of education. Our decentralized system has worked reasonably well in assuring minimum academic standards, but on the whole it has not performed satisfactorily in assuring good management and reasonable standards of probity.

For one thing, State licensure and regulation has been up until this point notably ineffective because of understaffing, the dispersal of responsibility among several agencies within some States, and the reluctance of many States to undertake activities which they believe to be a responsibility of the Federal Government.

Further, accreditation, while well-suited for determining minimum academic standards, has on the whole been ill-equipped to deal with a host of management and probity issues which have come with the rapid expansion of enrollment, in part made possible through the growth of the student aid system.

The Congress has determined that Federal program eligibility ought to be determined through an arrangement whereby the Federal Government recognizes and monitors the voluntary accrediting bodies rather than making individual determinations of which institution should be eligible for Federal programs. While the decision to leave Federal program eligibility largely in the hands of voluntary accrediting bodies is consistent with our whole approach to the role of the Federal Government, there have been difficulties, chief among them being the fact that the Department of Educa-

tion's role both in overseeing accrediting bodies and in monitoring institutional performance with Federal funds has suffered from inadequate funding and management inattention.

Our specific proposals address all three legs of the triad, and they do so against the background of what the Congress has already done to address the problems I have tried to identify.

In the area of State licensure and regulation, we recommend that the Secretary of Education be authorized to develop standards for State laws and policies which provide a more adequate system of State licensure oversight and compliance. These standards ought to be developed in cooperation with the State Higher Education Executive Officers and the States.

With respect to accrediting bodies, the Secretary would be required to develop specific standards for recognizing accrediting bodies for the purpose of institutional eligibility for Title IV programs, and we have indicated what some of those standards might be.

Third, we have a number of proposals to clarify and strengthen the role of the Department of Education in student aid programs, including performance standards for institutions. It is my personal hope that in developing performance standards, special attention would be paid to such factors as high default costs, high default rates, the proportion of Federal or federally-guaranteed funds to total institutional income, changes in institutional ownership, proportion of ability-to-benefit students, material findings in audit reports and others.

It is my judgment that threshold could be established whereby poor performance in several of these indicators would trigger closer scrutiny than would be the case for other institutions.

In saying all this, I am fully aware that institutions serving academically higher-risk students should be expected to have higher default rates, and institutional accountability would be strengthened through the submission of audited financial statements.

Finally, we have some proposals on regulatory reform, chief among them being to extend to the Higher Education Act the same negotiated rulemaking authority provided for the Perkins Vocational Act last year. Our proposals in this respect are designed to ensure that regulations are developed in cooperation with the higher education community.

In summary, we believe that the combination of the proposals we are offering will provide better accountability, better integrity and lesser costs than would be the case in the absence of these measures, and in that manner we will better serve our students, which is the purpose behind all of our activities.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Atwell (with attachments) follows:]

PREPARED STATEMENT OF MR. ATWELL

On behalf of associations representing all sectors of American higher education, I appreciate this opportunity to present our recommendations to improve the administration and enhance the integrity of federal student aid programs.

To strengthen program integrity, two important issues must be dealt with during the reauthorization of the Higher Education Act:

(1) Serious problems persist in the administration of the programs by the Education Department, and in the Department's shared responsibility with the states and private voluntary accrediting agencies for determining institutional eligibility for participation in federal student assistance.

Lax administration of Title IV programs which annually distribute some $20 billion in student assistance has led to widelyreported instances of fraud and abuse, particularly in short-term occupational programs which enroll a high proportion of low-income, high-risk students. Such instances have eroded public confidence in the programs, although most institutions do a responsible job of managing federal funds.

(2) Increasing statutory and regulatory requirements imposed on the programs to deal with management problems at a relatively small number of schools has created a costly regulatory overburden for the majority of institutions.

To address the first issue, we believe it is vital to clarify the role and responsibilities of the Department, postsecondary institutions, the accrediting agencies, and the states in determining eligibility for federal student aid programs, and to strengthen institutional management controls and accountability. The second issue requires several steps to reform the regulatory process.

A. Clarifying the Responsibilities of the Education Department

We are encouraged that Secretary Alexander has moved quickly to adopt a sweeping management improvement plan to refocus and restructure the Department's student aid programs. The plan is based on the report of an ED-OMB review team which found the management capacity of the Office of Postsecondary Education to be inadequate, understaffed, and lacking the basic accounting records required to fulfill its responsibilities.

To make sure the Department provides adequate staffing of the student aid programs in the future, we recommend that a line item be established in its Salaries and Expenses budget for administration of Title IV programs. This would make the staffing needs for proper administration of the programs (including training of financial aid administrators) a matter for formal review in each budget cycle.

We recommend that the Department be required to develop, in consultation with the postsecondary community, objective performance standards for the administration and management of Title IV programs. Such standards would enable the Department to regulate differentially on the basis of such factors as the institution's mission, program, type of governance, and administrative capacity, and would include reliable criteria for identifying institutions which are having difficulties in operating and managing the programs.

We also recommend that the Department be required to establish a systematic program for oversight of all institutions participating in Title IV programs, including periodic recertification reviews. Based on these oversight activities, the Department should prepare and distribute an annual report evaluating the nature and extent of administrative and regulatory problems and concerns identified in the programs, and their frequency by sector.

The Department should also be required to establish a central data base of institutional information, to promote uniform reporting and full integration of all data available from sources within and outside the Department, including the Eligibility and Certification Division, the Audit and Program Review Division, the Financial Management Section, the Office of the Inspector General, the regional offices, the Veterans Administration, state agencies, and regional and national accrediting agencies.

In addition, the Department should be authorized to regulate and monitor third-party servicers that assume contractual responsibility for administration of Title IV programs. Third-party servicers for institutions should be subject to control and audit requirements similar to those that apply to institutions. The Department should also be authorized to regulate third-party consultants on student aid matters, and to require satisfactory performance standards for consultants.

We also urge consideration of the Administration's proposal for authority to provide conditional certification for a one-year period to enable the Secretary to take timely action against institutions with no proven record of ability to administer federal funds.

B. Strengthening Institutional Accountability

In the last two years Congress has taken several steps to limit program abuse and to make institutions more accountable for their management of Title IV programs, including a prohibition on borrowing by students at high-default institutions (with appropriate waivers for institutions with special circumstances), reduced SLS loan limits for students in programs of less than an academic year, imposition of a 30-day

delay in the disbursement of guaranteed loans, and restrictions on the eligibility of ability-to-benefit students.

We recommend several further steps to improve the accountability of all institutions:

As a prerequisite to certification or recertification, institutions should be required to submit to the Education Department audited financial statements certified by an independent public accountant for their two most recent fiscal years. Institutions identified in the certification process as having actual or potential management and/or financial problems should be required to provide interim reports as a follow-up to certification.

All institutions should be required to provide the Department with detailed information on revenues and expenditures for inclusion in the Integrated Postsecondary Education Data System (IPEDS, administered by NCES).

In addition, institutions accredited by two or more agencies should be required to identify which one provides accreditation for the purposes of Title IV eligibility, provide the Department and their accrediting agencies with full disclosure of the reasons for their multiple accreditation, and notify the Department when one of their sources of accreditation is dropped or withdrawn.

We also support several recommendations included in the Administration's reauthorization proposals transmitted to Congress April 30, including:

Establishment of a minimum program length requirement of six months (equivalent of 600 hours) as a condition of eligibility for any of the GSL programs, consistent with the minimum-length standard of other federal student aid programs. Programs of less than 600 hours typically provide training for entry-level, minimum-wage jobs, and needy students should not be permitted to assume large debts for such training.

Institutions should be prohibited from paying any commission, bonus, or other incentive payment based directly or indirectly on enrolling students or on student aid volume to persons engaged in making final admissions or financial aid eligibility determinations, or recruitment of prospective students by third party agents or contractors.

Institutions should be required to acknowledge, by the terms of their Title IV program participation agreements, that the Secretary, accrediting agencies, guarantee agencies, and state licensing agencies have the right to share information relevant to an institution's Title IV eligibility.

C. Improving State Licensure Standards

A recent study by the State Higher Education Executive Officers (SHEEO) found that the states are highly inconsistent and often too weak in their licensing standards for postsecondary institutions to assure reasonable standards of educational quality and consumer protection. SHEEO is currently working on the development of standards for state licensing.

We believe the time is right to accelerate this process through federal leadership. We recommend that the Secretary be authorized to develop, in consultation with SHEEO and other appropriate state agencies, standards which assure that state laws and policies provide an adequate basis for the licensure of postsecondary institutions, including the capacity for oversight, investigation, and determination of institutional compliance.

We also recommend that states be required to report to the Education Department and regional or national accrediting bodies any negative action affecting the license of an institution to operate, including denial, suspension, or termination of authority, and the final results of any on-site review of the institution.

D. Strengthening Accrediting Bodies

Federal law forbids the Secretary or any officer of the Education Department from "exercising any direction, supervision, or control over ... any accrediting agency or association." This is an important safeguard for the private, voluntary system of accreditation by which the world of higher education attempts to assure—the quality of its institutions. Nevertheless it is entirely appropriate for the Secretary to establish criteria by which accrediting associations may be recognized for purposes of determining institutional eligibility for federal student aid.

We recommend that the Secretary develop specific standards for recognizing accrediting agencies for the purpose of institutional Title IV eligibility. An agency should be required to demonstrate that it has the ability and experience to operate as an accrediting body, that its principal purpose is the accreditation of postsecondary institutions and/or programs, that it maintains a clear distinction from any professional or trade organization, that it determines that the program length is appropriate to the subject matter taught, and otherwise assures that the institutions it

accredits provide satisfactory education and training, including the provision of adequate student support services where appropriate. Agencies should also be required to report any final negative action affecting the accreditation of an institution.

We also recommend that the Secretary's National Advisory Committee on Accreditation and Institutional Eligibility be strengthened by the addition of representatives of public and independent four-year institutions, community colleges, proprietary institutions, professional schools, public members, parents and students, and representatives of the Council on Postsecondary Accreditation. The Committee should be renamed the National Advisory Committee on Institutional Quality and Integrity, with responsibility to advise the Secretary on standards of recognition and to recommend changes in policies affecting institutional eligibility and certification.

E. Regulatory Reform

For the past decade the Department has consistently failed to consult with the higher education community as it developed regulations in difficult problem areas. As a result, regulations published for comment in the Federal Register often propose unrealistic and unworkable solutions which take the community by surprise, create an uproar of controversy, and require the intervention of Congress to resolve.

We urge extension to the Higher Education Act of the negotiated rulemaking authority provided for the Perkins Vocational Education Act last year. This would require the Secretary to establish a negotiated rulemaking committee representing affected sectors of the community whenever it is in the public interest to attempt to reach consensus on a proposed rule before it is published for comment in the Register. Such consultation in advance with the higher education community with respect to regulatory matters that affect it would permit the sharing of information and expertise on the nature of the problem, and the impact of various options for remedial action, before Departmental policy is determined, rather than after the fact.

Our earlier recommendation that the Department be required to develop performance-based standards for the administration of Title IV programs would also provide an important step toward regulatory reform. For example, problems that have been identified in short-term, skill training programs have resulted in the imposition of inappropriate, costly, and burdensome regulations on two-year and four-year degree-granting institutions. Establishment of performance-based standards could result in specific and more effective regulations for sectors of postsecondary education with different missions and goals; it could also provide criteria for waiving regulatory requirements for institutions which meet high performance standards or valid alternative standards. The Department would no longer be in the position of penalizing all institutions to stop a small minority from abusing the system.

Finally, we believe that the Department should be encouraged to seek new ways to reduce the regulatory burden on institutions. Therefore, we recommend that the Secretary be authorized to make demonstration grants to postsecondary institutions to develop innovative approaches that would improve the administration of Title IV programs and reduce their regulatory burden.

TITLE IV REAUTHORIZATION ACT

IV-REG REFORM -1

SUGGESTED AMENDMENT	RATIONALE/JUSTIFICATION
Title IV of the Act (as amended by the previous section of this Act) is amended by adding after Section 486A the following new section: "DEMONSTRATION GRANTS FOR IMPROVED ADMINISTRATION AND THE REDUCTION OF REGULATORY BURDENS "Sec. 486B(a) Program Authorized.--(1) The Secretary is authorized to make grants to appropriate public agencies, non-profit private organizations and institutions of higher education to demonstrate innovative approaches to the administration of student assistance programs authorized by this title designed to improve the administration of such programs and reduce regulatory burdens on eligible institutions. "(2) No demonstration grant may be made under this section unless an application is submitted to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. "(b) Authorization of Appropriations.--There are authorized to be appropriated $_____ for fiscal year 1992, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.". Title IV of the Act is further amended by adding at the end thereof the following new section:	The increase in regulatory burden associated with the Title IV programs over the past decade is in part attributable to two serious policy and procedural failures of the Education Department: 1. The Department has failed to provide adequate staff to administer the programs, and it has failed to establish performance standards for institutional management of the programs which recognize the different objectives of different sectors of postsecondary education. Thus, for example, problems that have been identified in short-term skill training programs have resulted in the imposition of inappropriate regulations on two-year and four-year degree granting institutions, which are all forced to jump through burdensome regulatory hoops in order to catch a few who abuse the system. 2. The Department has consistently failed to consult with the higher education community as it develops regulations in difficult problem areas. As a result, regulations published in the Federal Register often propose unrealistic and unworkable solutions which take the community by surprise, create an uproar of controversy, and require the intervention of Congress to resolve. To address these failures, the proposed language would: (1) Authorize the Secretary to make demonstration grants to institutions to encourage innovative approaches that improve the administration and reduce the regulatory burden of federal programs.

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SUGGESTED AMENDMENT	RATIONALE/JUSTIFICATION
"AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE EXPENSES "Sec. 492.--There are authorized to be appropriated such sums as may be necessary for fiscal year 1992 and for each succeeding fiscal year thereafter for administrative expenses necessary for carrying out this title, including expenses for staff personnel and compliance activities.".	(2) Establish a line item in the Department's salaries and expenses budget to assure adequate staffing for administration of the student aid programs, including the delivery system and oversight activities.
Part G of Title IV of the Act is amended-- (1) by inserting after the heading of part G the following: "Subpart - 1 Miscellaneous General Provisions"; and (2) by adding after section 492 (as added by section 154 of this Act) the following new subpart:	
"SUBPART - 2 INSTITUTIONAL INTEGRITY "FEDERAL RESPONSIBILITIES. "SEC. 493(a) Performance Standards.-- (1) In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary shall, after consultation with institutions of higher education, eligible institutions, guaranty agencies, educational associations representing postsecondary education, and other appropriate public agencies and non-profit private organizations, develop and carry out objective performance standards for the administration of programs authorized by this title. "(2) In carrying out this subsection, the Secretary shall-- "(A) provide for the conduct of program reviews on a systematic basis designed to include all eligible institutions participating in programs authorized by this title; and "(B) provide for the conduct of recertification reviews of administrative capability and financial responsibility of	(3) Require the Secretary to establish, in consultation with the community, performance-based standards for the administration of Title IV programs by different types of institutions, including criteria for waiving regulatory requirements for institutions which meet appropriate alternative standards. The Secretary would also be required to establish a systematic schedule for program reviews and recertification reviews for all eligible institutions. In addition, the Secretary would be given authority to require detailed information on institutional revenues and expenditures and to require accreditation agencies to notify the Secretary of any actions taken with respect to an eligible institution.

SUGGESTED AMENDMENT

RATIONALE/JUSTIFICATION

"(B) provide for the conduct of recertification reviews of administrative capability and financial responsibility of institutions over a 5-year period on a targeted basis using objective criteria, together with provisions for automatic recertification and on-site reviews of such institutions.

"(b) Information Required.--The Secretary shall require all eligible institutions to submit to the Department detailed information on revenues and expenditures of the institution.

"(c) Notice of Certain Actions Taken by Accrediting Agencies.--The Secretary shall require all accrediting agencies and associations, as part of the approval process of the Secretary under this title, to notify the Secretary if any approval of accreditation of an eligible institution, any denial, withdrawal, or termination of accreditation of an eligible institution, together with any other negative action taken with respect to an eligible institution. The notice required by this subsection shall be made in a timely fashion.

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SUGGESTED AMENDMENT	RATIONALE/JUSTIFICATION
"STANDARDS REQUIRED FOR APPROVAL OF ACCREDITING AGENCY OR ASSOCIATION" "SEC. 494.--No accrediting agency or association may be approved by the Secretary for the purpose of this title, unless the agency or association meets the standards established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish the standards. The standards shall require that-- "(1) the accrediting agency or association must be a regional or national agency or association, and must demonstrate the ability and experience to operate as an accrediting agency or association within the region or nationally, as appropriate; "(2) such agency or association has as its principal purpose the accreditation of institutions and/or programs of higher education; "(3) such agency or association maintains a clear distinction from any professional or trade organization having a related membership; and "(4) such agency or association applies standards of accreditation that determine that the services, curricula, faculty, facilities, and fiscal resources of the institutions of higher education and the achievements of its students are of sufficient quality that each such institution provides satisfactory education and training.	This would establish a statutory basis for the Secretary to develop specific standards which must be met by accrediting agencies for the purpose of Title IV eligibility.

SUGGESTED AMENDMENT	RATIONALE/JUSTIFICATION
"STATE STANDARDS PROPOSED FOR THE ENFORCEMENT OF INSTITUTIONAL INTEGRITY "SEC. 495(a). Standards Authorized.--The Secretary is authorized, in accordance with the provisions of this section, to develop standards for the improvement of State law and policy with respect to the operations and integrity of institutions of higher education within the State. The Secretary shall develop the standards under this section after consultation with appropriate State agencies and the Association of State Higher Education Executive Officers. (b) The standards developed under this section shall be designed to address-- "(1) State laws and policies with respect to the authorization of institutions of higher education within the State to provide education and training beyond secondary education which the Secretary determines will meet Federal standards for the purpose of assuring compliance with the provisions of this title;. "(2) State licensing and monitoring of institutions of higher education, as appropriate, and compliance with Federal and State laws and policies described in paragraph (1); "(3) procedures and requirements which will protect students enrolled at institutions of higher education within the State in the case of the closure of any such institution of higher education, which may include-- "(A) the provision of a performance bond; "(B) the provision of the teaching of students; "(C) the retention of the records of students in the event of such closure; or	This would authorize the Secretary, in consultation with the states, to develop appropriate standards for the enforcement of institutional integrity.

SUGGESTED AMENDMENT

RATIONALE/JUSTIFICATION

"(D) a State tuition refund program which meets criteria established by the Secretary;

"(4) a fair and equitable student refund policy for institutions within the State;

"(5) a consumer protection policy for students enrolled in institutions of higher education in the State ;

"(6) a due process procedure under State law or State regulation relating to the withdrawal of, or failure to renew, the license of any institution of higher education within the State, as appropriate, to operate or continue to operate within the State; and

"(7) a process for the investigation and resolution of complaints by students enrolled in the institutions of higher education within the State referred by the Department, by the State Attorney General, or made by any aggrieved student.

"(c) Definition.--As used in this section, the term institution of higher education includes an eligible institution described in sections 435(a), (b) and (c).".

Section 435(a) of the Act (as amended by section 135 of the Act) is further amended by inserting before the semicolon at the end of paragraph (4)(A) a comma and the following: "or which pays a commission or bonus for enrolling students".

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[redacted]	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	Title XII is amended by adding the following new section at the end thereof:	This new provision would extend to the Higher Education Act the authority for negotiated rule making which was extended to the Perkins Vocational Education Act last year. It would require the Secretary to establish a negotiated rule making committee representing affected sectors of the education community whenever it is in the public interest to attempt to reach consensus concerning a proposed rule before it is published for comment in the Federal Register. The thrust of the proposal is to assure that the higher education community is consulted in advance with respect to regulatory matters which affect it, and has an opportunity to share information and expertise on the nature of the problem with federal officials before the Department's policy is determined, rather than after the fact.
	"NEGOTIATED RULE MAKING	
	"Sec. 1212. (a) PURPOSE.--	
	"(1) The adversarial nature of rule making deprives the affected parties and the public of the benefits of shared information, knowledge, expertise, and technical abilities possessed by the affected parties.	
	"(2) The rule making process tends to discourage parties from meeting and communicating with each other, and this leads to conflicting or antagonistic positions toward rules by parties with different interests, which may result in expensive and time-consuming litigation.	
	"(3) A proposed rule developed and negotiated by the parties who are affected by the rule will increase the acceptability and enforceability of the rule by those parties, and affected interests will be less likely to resist enforcement or challenge the rule in court.	
	"(4) The purpose of this section is to authorize and direct the Secretary to supplement and enhance the rule making procedures under this Act, whenever appropriate, by establishing a negotiated rule making committee of persons representing interests that will be affected by a rule to participate in and negotiate that rule's development.	

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ENACTED	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(b). DEFINITIONS.-- "(1) The term "consensus" means unanimous agreement among the interests represented in the development and negotiation of a proposed rule under this Act, unless a negotiated rule making committee defines such term to mean a general but not unanimous agreement. "(2) The term "interest" means, with respect to an issue or matter, multiple parties which have a similar point of view or which are likely to be affected in a similar manner. "(3) The term "mediator" means a person who aids in the discussions and negotiations among the members of a negotiated rule making committee to develop and negotiate a proposed rule. "(4) The term "negotiated rule making committee" means an advisory committee established by the agency in accordance with this Act and the Federal Advisory Committee Act to consider and discuss issues for the purpose of reaching a consensus in the development of a proposed rule. "(5) The term "agency" means the Department of Education. "(c) DETERMINATION OF NEED FOR NEGOTIATED RULE MAKING COMMITTEE.--(1) The Secretary shall establish a negotiated rule making committee to develop and negotiate a proposed rule whenever the use of the negotiated rule making procedure is in the public interest. In making such a determination regarding the appropriateness of negotiated rule making with respect to any proposed rule, the Secretary shall consider whether--	

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SUGGESTED AMENDMENT OR SUBSTITUTE

RATIONALE/EXPLANATION

"(A) there are identifiable interests that will be significantly affected by the rule;

"(B) the negotiated rule making procedure will not unreasonably delay the notice of proposed rule making and the issuance of the final rule; and

"(C) the negotiated rule making procedure will not unreasonably increase agency expenditures to develop the final rule.

"(2) The Secretary shall, to the maximum extent possible, use the consensus of the negotiated rule making committee with respect to the proposed rule as the basis for the rule proposed by the agency for notice and comment.

"(3) The agency shall notify the public that it is seeking to (A) identify parties that may be significantly affected by a proposed rule who will negotiate in good faith to reach a consensus on the proposed rule, and (B) conduct discussions with such parties to identify the issues of concern to such parties and to ascertain the feasibility and desirability of the establishment of a negotiated rule making committee by the agency. The Secretary shall publish the findings of the discussions described herein and shall select those qualified to represent the significant interests affected by the proposed rule.

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[illegible]	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(4) If, after conducing the assessment described in this subsection, the Secretary establishes a negotiated rule making committee to develop and negotiate a proposed rule, the Secretary shall publish in the Federal Register a notice which shall include– "(A) an announcement that the agency intends to establish a negotiated rule making committee to develop and negotiate a proposed rule; "(B) a description of the subject and scope of the rule to be developed, and the issues to be considered; "(C) a list of interests which are likely to be significantly affected by the rule; "(D) a list of persons or organizations proposed to represent these interests; "(E) a proposed set of committee procedures for review and adoption by the negotiated rule making committee; "(F) a proposed agenda and schedule for completing the work of the negotiated rule making committee; "(G) a description of administrative and support services for the negotiated rule making committee to be provided by the agency; and "(H) a solicitation for comments on the proposal to establish the negotiated rule making committee and on the proposed membership of such committee.	

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"(5) Persons or organizations representing persons who may be affected by a proposed rule and who believe that their interests will not be adequately represented by any person specified in a notice pursuant to subparagraph (D) of paragraph (4), may apply for, or nominate another person for membership on the negotiated rule making committee to represent their interests with respect to the proposed rule. Each application or nomination shall include--

"(A) the name of the person or organization and a description of the interest such person or organization will represent;

"(B) a written commitment that the applicant or nominee will actively participate in good faith in the development of the rule under consideration, and evidence that the applicant is authorized to represent the interest the person proposes to represent; and

"(C) an explanation of why the person or organization specified in the notice pursuant to subparagraph (D) of paragraph (4) will not adequately represent the interests of the person or organization submitting the application or nomination.

"(6) The agency shall provide at least 60 days for the submission of comments and applications pursuant to this subsection. Persons nominated or applying for membership on a negotiated rule making committee shall be notified by the Secretary regarding the Secretary's determination regarding their application or nomination in a timely manner.

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[illegible]	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(d) ESTABLISHMENT OF NEGOTIATED RULE MAKING COMMITTEES.-- (1) After considering comments and applications submitted under subsection (c), the agency may establish a negotiated rule making committee as an advisory committee pursuant to section 9 of the Federal Advisory Committee Act. If the agency decides not to establish a negotiated rule making committee after considering such comments and applications, the agency shall promptly publish notice of that decision and the reasons therefor in the Federal Register. "(2) The agency shall limit membership on a negotiated rule making committee to 20 members unless the Secretary determines that a greater number of members is necessary to the functioning of the negotiated rule making committee or to achieve balanced membership. Each such committee shall include one individual representing the agency. "(e) CONSIDERATION OF PROPOSALS AND CONDUCT OF NEGOTIATIONS.--(1) Each negotiated rule making committee established pursuant to this Act shall consider the matter proposed by the agency and shall attempt to reach consensus concerning a proposed rule with respect to such matter and concerning any other matter such committee agrees is relevant to the proposed rule. "(2) The official representing the agency on a negotiated rule making committee shall participate in the deliberations and activities of such committee with the same rights and responsibilities as other members of such committee. The agency official shall be authorized to fully represent the agency in the discussions and negotiations of such committee.	

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(3) Notwithstanding section 10(e) of the Federal Advisory Committee Act, an agency may nominate either a person from the Federal government or a person from outside the Federal government to mediate the negotiations of the committee, subject to the approval by consensus of the committee. If the committee does not approve the agency's nominee of a mediator, the agency shall withdraw the nomination and submit a substitute nomination. If a committee does not approve any nominee of the agency for a mediator, the committee shall, with the concurrence of the agency, select a person to chair the committee. The agency official designated to represent the agency in substantive issues shall not chair the committee or serve as mediator. "(4) A mediator approved or selected by a negotiated rule making committee shall-- "(A) chair the meetings of the committee in an impartial manner; "(B) assist the members of the committee in conducting discussions and deliberations; and "(C) manage the keeping of minutes and records as required by subsections (b) and (c) of section 10 of the Federal Advisory Committee Act, except that any personal notes and materials of the mediator or of the members of a negotiated rule making committee shall not be subject to section 552 of title 5, United States Code.	

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T LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(5) A mediator of a negotiated rule making committee shall act impartially and shall not vote on any agreement or recommendation made by the committee. "(6) A negotiated rule making committee established pursuant to this Act shall adopt procedures for the operation of the committee, including procedures with respect to membership, alternate members, disclosure of negotiation offers and concessions, subcommittee and caucus procedures, and minutes and recordkeeping. A committee may change its rules or agenda if the interests represented on the committee reach a consensus on such change. The procedural rules set forth in section 553 of title 5, United States Code, shall not be applicable to a committee.	

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LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(7) At the conclusion of negotiations, a negotiated rule making committee shall prepare and transmit to the agency a final report and documents with respect to the negotiations conducted by the committee. If the committee reaches consensus and develops a proposed rule, the report shall contain the proposed rule and a concise statement of the basis and purpose of that rule. If the committee does not reach a consensus on a proposed rule, the report shall specify the areas in which the committee reached a consensus on a proposed rule and the areas of disagreement among the committee members, and shall include such recommendations and background materials as the committee considers appropriate. "(8) In addition to the report specified by paragraph (7), a committee shall submit to the agency the records required by subsections (b) and (c) of section 10 of the Federal Advisory Committee Act. "(f) TERMINATION OF COMMITTEES.--(1) Except as provided in paragraph (2), a negotiated rule making committee shall be terminated upon promulgation of the final rule under consideration, unless the agency specifies an alternate termination date. "(2) The Secretary may discharge a negotiated rule making committee at any time if the agency determines that the committee is not making sufficient progress toward reaching a consensus on a proposed rule or if the agency determines there is no further need for the committee.	

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...T_LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(g) EMPLOYMENT OF MEDIATORS.--(1) An agency may employ or enter into contracts for the services of an individual or organization to serve as mediator for a negotiated rule making committee under this Act, or may use the services of a government employee to act as a mediator for a committee. "(2) An agency shall determine whether a person selected to serve as mediator of a negotiated rule making committee under paragraph (1) has any financial or employment interest that would preclude such person from serving in an impartial and independent manner. "(3) The Secretary is authorized to enter into contracts for the services of mediators in negotiated rule making proceedings. Payment for mediation services obtained pursuant to such contract shall be made by the agency. "(h) COMPLIANCE WITH THE FEDERAL ADVISORY COMMITTEE ACT.--(1) In carrying out this section, the Secretary shall comply with the provisions of the Federal Advisory Committee Act, except that meetings of individuals for the purpose of considering and advising the agency on the feasibility of establishing a negotiated rule making committee shall not be subject to the requirement to charter an advisory committee specified in section 9(c) of the Federal Advisory Committee Act.	

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"(2) Meetings of subgroups or caucuses of a negotiated rule making committee may be in closed session for the purpose of determining negotiating positions or for developing alternative proposals for consideration by the entire committee.

"(3) Members of a negotiated rule making committee shall be responsible for their own expenses of participation in such negotiated rule making committee, except that an agency may agree, pursuant to section 7(d) of the Federal Advisory Committee Act, to pay reasonable travel and per diem expenses, and reasonable compensation, to persons affected by the rule if such persons certify that they do not have adequate financial resources to participate in such committee and if the agency determines that their membership on the committee is necessary to assure adequate representation of their interests. The Secretary shall facilitate the conduct of the committee's deliberations in order to accommodate the membership and minimize unnecessary expense.

"(i) REPORTING.--The Secretary shall compile and maintain data on negotiated rule making proceedings, including a copy of each report submitted to the Secretary by a negotiated rule making committee and such additional information as determined by the Secretary. On January 1 of each year, the Secretary shall submit a report to the Committee on Labor and Human Resources of the United States Senate and the Committee on Education and Labor of the United States House of Representatives providing a summary and analysis of the negotiated rule making proceedings undertaken during the prior year.

"(j) JUDICIAL REVIEW.--Any agency action pertaining to a negotiated rule making procedure shall not be subject to judicial review. Nothing in this subsection shall bar judicial review of a rule which is otherwise provided by law.

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SPECIFIC EXAMPLE OF STUDENT AID RECIPIENT

Prepared as an addendum to testimony of Leonard M. Wenc
May 17, 1991

Student Number 1:

Class: Senior - Graduating June 1991
Major: English
Family Information:
Father - Deceased
Mother - RN - Age 51
Parents Adjusted Gross Income - $15,330

Special Remarks: See copy of Section D of Financial Aid Transcript on the bottom half of this page for Sources of Assistance.

23 year old sister in medical school.

19 year old brother at Johns Hopkins University.

Student was selected to participate in the 1990 Minority Leader Fellowship Program in Washington D.C.

Future Plans: Law School

SECTION D: Assistance Received or Benefited From at This Institution

Sources of Assistance	Amounts (exclude refunds)	
	Current Year: 19 90 - 1991	Cumulative Total (include current year)
Pell Grant: Total Disbursement		xxxxxxxxxxxxxxxxx
Scheduled Award	2,150	6,350
SEOG	2,000	xxxxxxxxxxxxxxxxx
Perkins/NDSL Loans	2,250	14,000
Income Contingent Loan (ICL)	xxxxxxxxxxxxxxxxx	9,000
SSIG/State Grant (optional)		
Other aid* (optional; identify each) Carleton College Merit	2,000	8,000
Carleton Grants	7,599	16,931
College Loan	2,000	2,000
Campus Employment	1,026	4,871

REVISION: 4

CARLETON COLLEGE, OFFICE OF STUDENT FINANCIAL SERVICES, NORTHFIELD MN 55057

We are pleased to offer you financial assistance for the academic year 1990-91 as shown below.

Please read CAREFULLY the financial aid policy statement enclosed BEFORE you sign the acceptance of your award.

A SIGNED copy MUST be returned to this office within two weeks of receipt of this award letter.

We shall be happy to hear from you should you have any questions.

Leonard M. Wenc
Director of Student Financial Services

Your estimated expenses:		Your estimated family contributions:	
Direct Expenses:			
Comprehensive Fee	$18250	Parental Contribution	$ 0
Indirect Expenses:		Expected Student Summer Earnings	300
Personal Expenses	500		
Books and Supplies	475		
Estimated Travel	100		
	-----		-----
Total est. expenses:	$19325	Total est. family contributions:	$ 300

Est. need (expenses minus family contributions) = $19025

Your REVISED Financial Aid Award for 1990-91:

From Carleton College:		ACCEPT	
Carleton National Merit Scholarship	2000	YES	NO
EDUC OPPORT GRT	2000	YES	NO
MCKNIGHT RESTR	7599	YES	NO
Carleton College Loan	2000	YES	NO
Perkins Loan (NDSL)	2250	YES	NO
Campus Employment	1026	YES	NO
Total From Carleton College:	$16875		
From Other Sources:			
Pell Grant	2150	YES	NO
Total From Other Sources:	$ 2150		
Total REVISED Financial Aid Award:	$19025		

DATE:_____ SIGNATURE OF STUDENT:_____

PLEASE CIRCLE THE APPROPRIATE RESPONSE NEXT TO EACH AWARD SHOWN.

SPECIFIC EXAMPLE OF STUDENT AID RECIPIENT

Prepared as an addendum to testimony of Leonard M. Wenc
May 17, 1991

Student Number 2:

Class: Junior (Third Year)

Major: Chemistry

Family Information:
Father - Disabled Vet
Mother - Nurse
Parents Adjusted Gross Income - $29,806

Vocational Objective: Physician

See reverse side for copy of award letter for 1990-91 academic year.

CARLETON COLLEGE, OFFICE OF STUDENT FINANCIAL SERVICES, NORTHFIELD MN 55057

We are pleased to offer you financial assistance for the academic year 1990-91 as shown below.

Please read CAREFULLY the financial aid policy statement enclosed BEFORE you sign the acceptance of your award.

A SIGNED copy MUST be returned to this office within two weeks of receipt of this award letter.

We shall be happy to hear from you should you have any questions.

Leonard M. Wanc
Director of Student Financial Services

Your estimated expenses:		Your estimated family contributions:	
Direct Expenses:			
Comprehensive Fee	$18250	Parental Contribution	$ 1186
Indirect Expenses:		Expected Student Summer Earnings	1250
Personal Expenses	500		
Books and Supplies	475		
Estimated Travel	50		
Total est. expenses:	$19275	Total est. family contributions:	$ 2636

Est. need (expenses minus family contributions) = $16639

Your Financial Aid Award for 1990-91:

		ACCEPT	
From Carleton College:			
Carleton Grant (E W Hallet Trust)	$ 3124	YES	NO
EDUC OPPORT GRT	876	YES	NO
BIGELOW FDN	2000	YES	NO
JOYCE HUGHES	1000	YES	NO
SURDNA FDN	1000	YES	NO
Perkins Loan (NDSL)	2250	YES	NO
Campus Employment	1620	YES	NO
Total From Carleton College:	$11870		
From Other Sources:			
Pell Grant	1066	YES	NO
State Scholarship	3703	YES	NO
Total From Other Sources:	$ 4769		
Total Financial Aid Award:	$16639		

DATE:_____ SIGNATURE OF STUDENT:_____

PLEASE CIRCLE THE APPROPRIATE RESPONSE NEXT TO EACH AWARD SHOWN.

SPECIFIC EXAMPLE OF STUDENT AID RECIPIENT

Prepared as an addendum to testimony of Leonard M. Wenc
May 17, 1991

Student Number 3:

Class: Sophomore (Second Year)

Family Information:
Father - Dairy Farmer
Mother - Student
Parents Adjusted Gross Income - $25,534

Special Circumstance: Student comes from small town in rural Minnesota. Size of graduating class was 88.

Family notes that the Federal Loan Bank had begun foreclosure on 80 acres out of 200 acres.

See reverse side for copy of award letter for 1990-91 academic year.

REVISION: 1

CARLETON COLLEGE, OFFICE OF STUDENT FINANCIAL SERVICES, NORTHFIELD MN 55057

We are pleased to offer you financial assistance for the academic year 1990-91 as shown below.

Please read CAREFULLY the financial aid policy statement enclosed BEFORE you sign the acceptance of your award.

A SIGNED copy MUST be returned to this office within two weeks of receipt of this award letter.

We shall be happy to hear from you should you have any questions.

Leonard M. Wenc
Director of Student Financial Services

Your estimated expenses:		Your estimated family contributions:	
Direct Expenses:			
Comprehensive Fee	$18250	Parental Contribution	$ 1950
Indirect Expenses:		Expected Student Summer Earnings	1250
Personal Expenses	500		
Books and Supplies	475		
Estimated Travel	50		

Total est. expenses: $19275 Total est. family contributions: $ 3200
Est. need (expenses minus family contributions) = $16075

Your REVISED Financial Aid Award for 1990-91:

From Carleton College:		ACCEPT	
EDUC OPPORT GRT	2000	YES	NO
A BIXBY UPHAM	1000	YES	NO
CARLETON ENDOW	3086	YES	NO
Perkins Loan (NDSL)	2190	YES	NO
Campus Employment	1620	YES	NO
Total From Carleton College:	$ 9896		
From Other Sources:			
Pell Grant	1938	YES	NO
State Scholarship	3241	YES	NO
Corp Schol	1000	YES	NO
Total From Other Sources:	$ 6179		

Total REVISED Financial Aid Award: $16075

DATE:_____ SIGNATURE OF STUDENT:_____

PLEASE CIRCLE THE APPROPRIATE RESPONSE NEXT TO EACH AWARD SHOWN.

Senator PELL. Thank you very much indeed.

Just as a matter of record, I think we ought to get into the record of the hearing the percentage of defaults as it stands now. Amongst your members, Dr. Atwell, what would be the percentage?

Mr. ATWELL. I can give you the cohort default rate overall, and that is running at around 17 percent. I can give them to you sector as well, if you wish.

Senator PELL. I'd like to hear them myself.

Mr. ATWELL. For the for-profit sector, 33 percent; the public two-year sector, 18 percent; the private two-year sector, 14 percent; the public four-year and the private four-year, 7 percent.

Senator PELL. Those are pretty astounding figures.

Mr. Blair, as you know, I have the greatest regard for the tax-paying institutions, where you have a unique national benefit that you give to the United States, but also these figures really are quite startling. What is your own view as to how they can be reduced—a 30 percent default rate, for example, is unconscionable.

Mr. BLAIR. Well, a great many things can be done, sir, and we have already begun to put into place a great many of those. Our major concern is that the taxpayers' funds are well-used. Most particularly, however, over the past 10, 15 years we have transferred this major support of our most risky, our lowest income families away from grants and into loans, so we have made our most at-risk population borrow.

While we do everything possible to reduce defaults to their very lowest possible level, I think we must also take care to make sure that we don't do that by excluding that high-risk population. What we've got to do is make sure that the schools they attend are quality educational experiences, that the programs are correctly managed and that the students know that they have a loan and what their responsibilities are.

We have put into place counseling programs, instructional programs, to make sure that the institutions work with their students so they know their loan responsibility. We are also beginning an aggressive program that began about 2 years ago, working with the banks and the guarantors in the secondary markets for the schools to become involved in making sure that where the students go into delinquency, we help locate those students and that we support the identification of those students and getting them back into repayment—but equally important, that we support the students in understanding the complexities of these programs.

In addition what we are also advocating is to make sure people know whether they are weak or shoddy educational institutions and thus will not simply pay their loans out of reaction to a poor education.

We have also supported and aggressively support disclosure. We believe that consumers should know the effectiveness of a school—of those who start, how many finish; of those who finish, how many get jobs in the field for which they are trained, and if licensure or certification is involved, what is the pass rate. That information should be made available to everyone for any type and control of institution, so that they can make sound educational choices and not feel that they were poorly served and thus should default.

Senator PELL. I believe I am correct in saying that on July 1st, they are going to knock out of the program any schools with a default rate of more than 35 percent; a year later, more than 30 percent. Do you see that figure continuing to go down over the next decade?

Mr. BLAIR. I believe it will go down. Our concern that we have shared with members of the Senate is that at that 35 percent, we have a number of schools serving inner-city populations, not only private career colleges and schools but community colleges and four-year private and public institutions, that will lose access to student loans. What we are advocating therefore is that the department exercise the mitigating circumstances rule that the institutions be offered an opportunity to make sure that the data used are correct and that the situation of the population they serve, most particularly their effectiveness in serving that population, is brought into consideration. But we also believe that over time those default rate triggers will be continually reduced.

Senator PELL. I had the idea some years ago that one way of reducing the rate was to require that the information about defaults be made available to the credit card distributors, and that when it was realized that a young person would either have a choice between repaying the loan or losing their credit card that it would go up. Has that had any effect that you have been able to see?

Mr. BLAIR. The use of credit rates and the impact of credit ratings has had a substantial impact, but particularly on the middle income. As you deal with the truly high-risk population, they don't have credit cards. One of the things that we are pushing for is making sure they understand the programs. They are terribly complicated and terribly complex. That is the reason that our legislative proposal moves aggressively for the simplification of the programs. But what we've got to do is make sure most particularly that that high-risk population does not have to borrow to the degree that they are now. That is the reason that we are pushing for the entitlement of Pell Grants as a basis that they can know that those funds are there, and our most needy people do not have to borrow.

Senator PELL. Thank you.

This is a question that I'd ask each of you. Many States have very tight licensing requirements. What would be the common characteristic of these tight requirements?

Mr. Nolan.

Mr. NOLAN. I'm not sure I know what the common characteristic is in the other States, but to us one of the most important elements is a tuition reimbursement fund for the students who are involved.

Dr. Atwell's commentary at the end about the focus on students is what I was thinking of as you were asking Mr. Blair questions. We have a lot of students who would be adversely affected if the loans were cut off without warning at some of these institutions, because our experience has been that when threatened with financial problems, the schools close prematurely, leaving all the students with no place to go and with the States having the responsibility to place those students. We have had a lot of cooperation from the sector itself in helping to place students, so it isn't a simple, one-person job.

But in order to have funds available, our State enacted a new law which requires all of the proprietary schools, the trade and business schools, to contribute one percent of their gross receipts annually into a tuition reimbursement fund. Unfortunately, we have had a lot of institutions close prematurely, leaving the students in the lurch, and this is a way at least to protect them financially.

Senator PELL. Mr. Blair.

Mr. BLAIR. The first major problem that we've had is that of the members of the triad, each has had an expectation of the other doing somebody else's job. So one of the things that we have advocated is a clear role distinction. We believe the role of the State should focus on the business practices of the institution and consumer protection.

As Mr. Nolan has noted, we believe that what there must be in every State is a tuition recovery fund, but that needs to be backed upon a whole set of processes in case of school closures that deal with the securing of records and most importantly, seeing that the students if at all possible are taught out. Our major concern is to make sure that those students are well-served, and they receive the education that they believed in and wanted. And if they cannot be handled in that fashion, then there should be a tuition recovery fund. But we believe that the role of the State should be strengthened. We are actually advocating an outline of things that we think each State should be responsible for.

Senator PELL. Would it be a correct statement that all your institutions are taxpaying?

Mr. BLAIR. No, sir, but about 95 percent of them are. We have some that are not-for-profit. They are usually in fields such as aviation, where the expenditures are so horrendous for jet engines and the mechanical aspects that as a nonprofit institution, they can receive donations from business and industry. But the vast majority are for-profit, yes.

Senator PELL. Dr. Atwell.

Mr. ATWELL. Senator, I agree with Mr. Nolan's testimony, and I think the report that the State Higher Education Executive Officers commissioned about the present weaknesses in State licensure and regulation is to the point, and the recommendations that we are offering you would do much to strengthen the State role; I think we would all agree that State role has to be improved.

Let me also say with reference to an earlier point of yours that our information is that about 520 of the 8,000 institutions eligible for the Title IV program have default rates over 35 percent, of which only 85 are nonprofit colleges and universities.

Senator PELL. Thank you very much.

I will turn to Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman.

First, I'd like to say that Senator Thurmond has a statement which he would like to submit for the record.

Senator PELL. Without objection.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT OF MR. THURMOND

Mr. Chairman, it is a pleasure to be here and to join in welcoming our witnesses this morning as we continue bearings on reauthorization of the Higher Education Act.

As has been mentioned in past bearings, there are many challenging issues we need to address. These include: the high student loan default rate; the general integrity of the Guaranteed Student Loan Program; the proper balance between student loans and grants; and the role of profit- making proprietary trade schools.

A little over two weeks ago, I heard first-hand from several college presidents in South Carolina about the importance of Institutional Support Programs contained in Title III, and the key role of Title IV and the Pell grant program in making it possible for disadvantaged students to attend college.

In addition, yesterday I had the opportunity to meet with Mr. Pat Taylor, who is testifying before the Committee today about Federal incentives for greater involvement by the States in providing a college education for qualified students.

Today, as we continue the higher education hearings, I look forward to reviewing the recommendations of our witnesses.

Senator KASSEBAUM. All of you have spoken to the need for improved standards and for quality. I'd like to explore that with you a little bit. Specifically, what standards would best define quality, and to what extent can we put that in writing, whether it is the State or the Department of Education? I'm thinking, for instance, of vocational-oriented programs—should we require that they offer job counseling programs? All of you touched on this in one way or another, and I'd like to know what would think specifically, would be a way to address quality.

Mr. Nolan.

Mr. NOLAN. I'd be pleased to start, and I'm sure it is just the beginning of the discussion, Senator Kassebaum.

We've made a specific proposal in our legislative language that would have the Congress set broad categories that would help determine quality—not to set the standards per se. I share the other members' opinion that that is a matter for institutions both voluntary and, I would submit, governmental, to be involved in to the degree that the responsibility can be shared. They include such things as the financial and administrative capacity at a specified scale of operation. You don't need the same financial wherewithal running a small, single-purpose institution that you need, obviously, running a major university. Yet standards are usually broadly-stated to say that you just need financial capacity.

Facilities and equipment and supplies, which every one agrees one needs to have in any kind of business; personnel—that is another way of saying faculty and teachers, again depending upon the type and level of institution and level of education that is offered. On the curriculum and on instructional matters, there should be standards, not specified but at least addressed in categories. Everything from admissions and academic calendars to the tuition charges and the fees and so on, all of those elements are part and parcel of the business of education, and they need to be addressed by voluntary as well as governmental approval agencies.

Not only all those input criteria, but the outcomes of education, need to be addressed in the standards, and I am happy to say that that is happening across this country on a voluntary basis as well as in some jurisdictions where they have to be put in place by the State regulatory agency because there has been an absence of them in the standards of the bodies accrediting them.

Senator KASSEBAUM. I am curious, Mr. Nolan, why you suggest it be voluntary. If it works well, why not——

Mr. NOLAN. I have not said it should be voluntary. In fact, my testimony says that the States should be given an option to do it. I would not sit here and suggest that you impose upon the States a requirement. Many of the States don't have the fiscal capability, and I'm not sure that Congress would be able to find all the funds. But more to the point than the money—I think the money could be found if we had the resolve, especially if you look at one percent of what we spent on Federal student aid—States need to position themselves in this regard, and I'd say most of the States right now could take care of these issues at the initial point, that is, when institutions are being approved.

What they are not all equipped to do as we are in New York is to do the monitoring, the periodic reviews. That, believe me, is an issue because when you look at the general voluntary approaches, visits to campuses occur every 10 years approximately, but progress reports at the halfway point, perhaps. That is a hard way to make sure that the quality is being maintained. It is just not workable.

Senator KASSEBAUM. You referred to the VA system that perhaps could be used as a model; is that not correct?

Mr. NOLAN. As a loose model, mainly as a way to flow the funds to the States for services rendered to meet Federal purpose.

Senator KASSEBAUM. Well, as you may know, sometimes the VA system gets mixed results.

Mr. NOLAN. Of course; that's why I said "a loose model." [Laughter.]

Senator KASSEBAUM. Oh, okay. I didn't know if you'd had experience in working with that model which led you to believe that it offered some strengths and what those were.

Mr. NOLAN. The model is useful in New York, and I'll give you some dollar figures to use by way of contrast. We spend about $3 million in monitoring postsecondary degree-granting institutions; another $2 million on the for-profit nondegree institutions; and $1 million of Federal money through the Veterans Administration. But since we have so many checks and balances in place, the veterans approach in New York is primarily to make certain that the nuts-and-bolts pieces are working, not the quality judgments, not the assessments of either input or output in the institutions.

Senator KASSEBAUM. Thank you.

Mr. Blair or Dr. Atwell.

Mr. BLAIR. We believe that the best measurement of doing a quality job are the outcomes. There is a tendency to focus on the inputs—what do you have there for someone to experience—the facility, the faculty, the library. We believe that the most effective way of measuring institutions, private career colleges and schools or four-year universities, should be on the outcomes of it: How effective are you? Of those who start, how many finish? Of those who

finish, how many gets jobs in the fields for which they are trained? If licensure or certification is involved, what is the pass rate?

We believe that that information is just as important for the person wanting to become a certified welder as someone who wants to pass the bar exam. We think that kind of information should be made available because that is truly the effectiveness of the measurement.

All of our institutions, private career colleges and schools have placement offices. That is their function. They are there to train and educate people so they can get jobs in the fields for which they are trained. We measure ourselves, therefore, responding to the marketplace. We have become very aggressive in working with business and industry so that they realize where a huge portion of their skilled human capital comes from, and therefore the curriculum, the training and the education is all on the cutting edge of what business and industry needs for its work forces.

So we think that the outputs are very much there, and in our legislative proposal for each of the triad members we have defined what we believe should be the standards that they should have—again, as Mr. Nolan said, not as a specific item, but saying that to be an eligible State agency or accrediting body, you must have processes in place to measure the following things.

Senator KASSEBAUM. Should there be different standards for different types of institutions?

Mr. BLAIR. No, ma'am. I think the distinction should be on the population served. We have institutions that are degree-granting institutions, offering baccalaureate programs, associate degree programs, that have 3, 4, or 5 percent default rates. We also have institutions that serve very high-arisk students. We think that a historically black college or university, a tribal school, a community college or private career school serving a high-risk population should have different standards and should have more intense oversight than an institution that is doing an outstanding job in awarding baccalaureate degrees.

So we think distinctions are appropriate, not by type and control but by population served.

Senator KASSEBAUM. Let me ask, if I may, you said that at-risk students need to borrow more. I would like to ask you why you feel it is more difficult for them to repay.

Mr. BLAIR. Two things, ma'am. First of all, the reason it is more difficult for them to pay is that they don't have families to support them.

Senator KASSEBAUM. Oh, in repaying.

Mr. BLAIR. Yes. As you look at the default rates, there is a direct correlation of socioeconomic background, whether or not they are dependent upon the family, whether or not they come from a high, middle or low socioeconomic background, and gender and race.

The difficulties that a single minority woman with children, from a poor background, without family support, faces in just coping with the day is substantially different than a white single male from an upper-income family who can, if he runs into problems, turn to his parents, and the parents assume the loan repayment.

So what we are suggesting is that looking at the populations served, there is a distinction, and that it is more difficult for a low-income person to make those payments.

Part of it is also the complexity of the program; they just don't understand. One of the things that we have done is major interventions, and we are asking for greater involvement on the part of the institutions when they go into delinquency. Let us help find those students, work with the students so that they understand what is going on. If they are getting repayment and billing notices from somebody they don't even know, that they can't get through to on the telephone, and they don't understand, it is very easy for them to simply walk from paying the loan. So we think the support services need to be there for that higher-risk population.

Senator KASSEBAUM. I would certainly agree with that. Do you think at any point there is not enough guidance regarding a student's ability to benefit, so to speak? By the same taken, are students being channelled into areas where they are going to be able to find a job that is going to permit them to repay their loans?

Mr. BLAIR. We are very much opposed to, as Mr. Atwell has pointed out, people who have purposely put themselves in harm's way—served a high-risk population, not provided them an education that truly makes a difference. Our accrediting bodies are looking at the whole question of the value of this education that they are receiving. We are looking at the overall question of the return on investment that a student will have in going into any program. There is a danger in that because as you look at somebody who gets a degree in fine arts, what is their employability. We want to be careful as we look at what are the implications of that. But we are also very much opposed to the idea that somebody is put into a job with massive indebtedness, without any possibility that they will be able to repay that loan.

So we think there has got to be that kind of balance, and most particularly we've got to redress the imbalance between loans and grants.

Mr. ATWELL. Senator Kassebaum, if I may, as one who participates extensively in accrediting—I serve on an accrediting team at least once or twice a year—I'd like to distinguish, if I may, between the quality standards academically and the quality standards that might be applicable to management and particularly the management of Federal programs.

With respect to the academic quality of an institution, Mr. Nolan is quite right—it has heretofore been largely in the direction of input measures and is moving toward assessment of outcomes, and I think that is highly desirable. But in that area the Congress very wisely, by law, has forbidden the Secretary of Education or anybody else from exercising any direction, supervision or control over any accrediting agency or association. That is by way of saying there is confidence on the part of the Congress with respect to the academic side of the house.

I think we really are talking here about the quality of management particularly in the management of Federal programs, and there I think our proposals use the approach of setting forth some performance standards which I illustrated in terms of high default rates, changes in institutional ownership, high default costs, pro-

portion of ability to benefit students, material findings and audit reports, serving as thresholds, not in themselves quality standards at all, but simply thresholds by a kind of "management by exception" approach, which would cause the Department of Education to look more closely at that institution, not prejudicial in themselves, but simply would trigger some closer scrutiny.

Senator KASSEBAUM. That certainly makes sense to me.

Mr. BLAIR. Senator, if I might, one of the things that Mr. Atwell and I are very much in support of each other on—which is probably startling to most people, and to both of us, too—we are very much in support of the kind of oversight by the department that used to exist. In our proposals, we go to great lengths to outline what should be watched because we don't need to watch everybody with the same intensity. If somebody is doing an outstanding jobs, one of the best things to do may be to get out of their way. But if they have indicators that say they deserve closer scrutiny, then that should be what both the accrediting bodies, the Department of Education, and the State licensing groups work on to make sure that oversight is there.

Senator KASSEBAUM. Thank you very much.

Senator PELL. Thank you.

Senator Simon.

Senator SIMON. Thank you, Mr. Chairman.

First, if I could just comment briefly, the whole default problem in part rests with us because we made this massive shift to loans that frankly should not have taken place. That is number one.

Second, the Department of Education has done a miserable job in supervising accrediting agencies.

Third, I am a little reluctant to use these arbitrary 35 percent or any other figures. A community college in East St. Louis, IL, that has every possible problem, is just going to have a different default rate than Brown University or the University of Kansas or the University of Illinois.

And in terms of the question that Senator Kassebaum addressed to you, Mr. Blair, we had a woman testify—I think it was two or 3 months ago—who was on a two-year program; she is a welfare mother with two children, and she is getting a job. As she outlined the job she is getting and the loan she will be repaying, frankly, I think if she isn't a default statistic right now, she is going to be one very shortly. So she ends up in our negative statistics. And yet she has moved from being on welfare to being a taxpayer. So I view her as a success story even though she is in the default situation.

Now, Mr. Blair, if I heard you correctly—and I may not have—you mentioned what you are doing, you and AICS, in terms of closing institutions and so forth, but then you said institutions either close or they move their accreditation—did I understand you correctly—which means they move over to some accrediting body that the Federal Government recognizes, but does a weaker job of supervising; is that correct?

Mr. BLAIR. That has happened in the past, and one of the things that we have actively supported is legislation to prevent accrediting jumping. We also have in our reform package a major component on that. There is nothing intrinsically wrong with dual ac-

creditation. We have many institutions that are both regionally and nationally accredited——

Senator SIMON. You're not talking about dual accreditation.

Mr. BLAIR. No, but in some cases, they had a foot in each camp as an insurance policy. So we are speaking to both—one, accreditation jumping, that we are proposing be prevented and have supported legislation already that does restrict that substantially; and to make sure if you've got two points of accreditation that you don't have it as an insurance policy.

Senator SIMON. Thank you.

Dr. Atwell.

Mr. ATWELL. Senator, accreditation jumping is something that we need to crack down on, and I think it has been. It was largely limited to one of the regional accrediting bodies that was tending to accredit institutions that had been denied accreditation or were in accreditation difficulty with AICS or NATTS, and that has largely been stopped, but I agree with Steve it ought to be legislatively precluded.

Senator SIMON. And then, where we have the Federal Government not doing the job that they should have been doing on accrediting agencies, then all of a sudden the Federal Government comes along and says to the Middle States accrediting body: You can't demand diversity in your schools. It is absolutely incredible. In fact, as you read the statute just a little bit ago, I think the Department of Education after not only doing a miserable job with the accrediting agencies all of a sudden moves into an area that it has absolutely no business in, I think they may have violated the statute.

Dr. Atwell, I'd be interested in your observation.

Mr. ATWELL. They haven't violated it yet, Senator, but they are in danger of doing so in the remanding of the Middle States' case to the national advisory commission. It seems to me that is potentially in violation of this statute. It was in my judgment wrong in process to have taken that action, and I want to say I do believe that diversity is an appropriate measure of educational quality and thus quite appropriate for accreditation.

It seems to me that in this instance the Department of Education which, as you say, over the years has done very little to monitor accrediting bodies, picked on the wrong issue at the wrong time, and if they had turned their attention to some of the matters that we have discussed here this morning rather than this Middle States diversity question, they'd have been better off. I hope they reconsider that decision.

Senator SIMON. I could not agree with you more. I agree with you both that diversity is a proper consideration and that they have gone off on the deep end—and those are not your words, but mine. But they really did.

Mr. Nolan, I am not real clear on what you want to take over at the State level. Can you be more specific?

Mr. Nolan. What I am suggesting is that the Congress invite the States to accept greater responsibility for the oversight and accountability of postsecondary institutions——

Senator SIMON. You have given us that, but I want to know what that means; that's where I'm at a loss.

Mr. NOLAN. What that means is that we start with New York, and I think we have many sister States that have the same capacity. We have 650 postsecondary institutions, about 400 in the proprietary nondegree, the remainder ranging from community colleges to research universities on the degree side. We are a nationally recognized accrediting body by the Secretary of Education, so we do accreditation as well as State oversight.

What I am suggesting is that more States be invited to do that if they have the capacity in order to assure the quality of the education programs that are being funded by the Federal Government.

Senator SIMON. So you are talking only on the accrediting side of things.

Mr. NOLAN. On the accrediting side of things, which I find very difficult to distinguish from the probity question and the integrity question, if the quality of the education isn't what our consumers, our residents, our taxpayers expect from Federal dollars.

Senator SIMON. So you are not talking about administering——

Mr. NOLAN. No, I'm not talking about administering the programs. We have a guaranty agency in our State that works very fine, and I know it does in other parts of the country. I still think the Secretary should assure the financial integrity of institutions that participate in the programs. So to that extent there would be the continuation of this three-stooled creature we've been calling a triad, because the fact is most States would not leap to that opportunity, but some are able to help, and I think we need some help; I think there are some questions raised about the quality of education in the country.

Senator SIMON. Good. I thank all three of your very much for excellent testimony.

Thank you, Mr. Chairman.

Senator PELL. Thank you.

We have been joined by Senator Wellstone.

Senator WELLSTONE. And the only thing I can do is apologize to the panelists. I had to go out on the floor and was trying to get back. This is about as important testimony, from my point of view, as there is because education has been my life's work, and I do apologize for missing your testimony—but I'm sure my colleagues have asked great questions, and I'm sure you have given great answers, and I will find out about it from my staff.

Thank you, Mr. Chairman.

Senator PELL. Thank you all very much.

We now come to the third panel on "Graduate Education and Cooperative Education," and we welcome Dr. Theodore Ziolkowski, dean of the graduate school at Princeton; Ms. Carole Glover, president of the National Association of Graduate and Professional Students; and Ms. Helen Oloroso, director of campus cooperative education, University of Illinois.

We'll start out with Dr. Ziolkowski, an old friend of the committee. I'm very glad to see a Princetonian down here.

Dr. Ziolkowski.

STATEMENTS OF THEODORE ZIOLKOWSKI, DEAN, GRADUATE SCHOOL, PRINCETON UNIVERSITY, PRINCETON, NJ; CAROLE GLOVER, PRESIDENT, NATIONAL ASSOCIATION OF GRADUATE AND PROFESSIONAL STUDENTS, GREAT FALLS, VA; AND HELEN OLOROSO, DIRECTOR, CAMPUS COOPERATIVE EDUCATION, UNIVERSITY OF ILLINOIS, CHICAGO, IL

Dr. Ziolkowski. Mr. Chairman, I want to thank you for the opportunity to testify this morning.

The members of this subcommittee, led by Princeton's distinguished alumnus, Senator Pell, have been champions of student support to graduate and undergraduate levels for many years.

My name is Ted Ziolkowski, and for the past 12 years I have been dean at the graduate school at Princeton University, where students have benefited from all four of the major programs included under Title IX. I am currently president of the Association of Graduate Schools of the Association of American Universities, and I have also served on both the disciplinary and national selection panels for Javits fellowships.

H.G. Wells once observed that human history becomes more and more a race between education and catastrophe. The daily newspapers are not always reassuring about the outcome, but the outlook is not entirely bleak. It is widely acknowledged that graduate education is one of the success stories of education in the United States. Students flock from all over the world to enter our graduate programs. Thirty-six percent of this year's applications to Princeton's graduate school came from foreign students. In 1989, nonU.S. citizens received 26 percent of the Ph.D.'s awarded in this country, including 55 of those in engineering.

At the same time, no one would argue that graduate education is in perfect shape, least of all the deans. We have not instilled into students a sense of scholarly ethics; not all students receive the supervision and encouragement they deserve; too often they are not prepared in any systematic way for teaching. Our record on time to degree and attrition offers few grounds for satisfaction.

The United States is going through a critical period in graduate education. Women received 36 percent of the doctorates awarded in 1989, up from 28 percent only a decade earlier; and minority students accounted for 9 percent of the Ph.D.'s. But these figures mask the fact that the absolute number of black students declined during that period and that women are still badly underrepresented in such fields as the physical sciences and engineering.

Increasing diversity has exposed other problems as well. For that reason, the graduate deans associations have recently published several critical analyses for the benefit of graduate schools across the country. The Association of Graduate Schools has issued a major statement on "Institutional Policies to Improve Doctoral Education," which I think has been distributed.

However, the universities cannot meet the challenge alone. We require the help and support of the government. I shall not repeat the details included in our testimony, but I would like to emphasize the principles upon which our recommendations are based.

Fundamentally, we need to provide expanded access to graduate education, especially for those still underrepresented groups of

women and minority students, and we need to do so in a manner that will enlist the cooperation of the graduate schools in the improvement of their programs.

To achieve the first goal, it is essential to identify and encourage potential graduate students through such programs as successful undergraduate internships and to assure them that adequate sources of support exist for qualified students. This means that funding for the Title IX programs must be put on a more predictable basis than has been the case in recent years. Once qualified students have been identified and encouraged to apply to graduate school, it is urgent to get support into their hands as generously and as soon as possible.

While graduate support for the sciences through the NSF, the NIH and other programs is working well, the programs administered through Title IX leave much to be desired. First, the stipends are too small. It costs a humanist as much to eat as a scientist, and yet the top Javits stipend is only $10,000 in contrast to $14,000 for the NSF awards. Second, it requires a wasteful process to get the $10,000 to the students because of a pointless but mandatory needs analysis. Third, the notification comes too late to provide the students with the greatest possible flexibility in the choice of institutions. Finally, there are simply too few awards in the arts, humanities and social sciences.

Even if we succeed in getting the student adequately funded and into the most suitable program, other problems remain, notably a national time to degree that, at almost 7 years of registration, is simply too long in most cases, and a rate of attrition that, at 40 percent even at our best institutions, is unacceptably high.

We shouldn't misunderstand the situation. There is good attrition as well as bad. Many of the roughly 15 percent of students who drop out during or at the end of the first year at Princeton and other universities probably have good reasons for doing so. But those who drop out later in their programs as a result of poor guidance represent a waste for the individual as well as the institution.

The Department of Education can help us address these concerns in several ways. From the student's point of view, the option of a year of dissertation support if their academic record warrants it has proved to be a powerful incentive to remain in a graduate program. From the institution's point of view, block grants for traineeships that specify certain responses—say, 2 years of institutional support following the first 2 years of study, a dedicated program of teacher training, the assurance of faculty mentorship—can achieve improvements in educational programs that go well beyond financial support.

Informed analyses indicate that the United States can anticipate a shortage of Ph.D.'s by the end of the 1990's, not just in education, but in government and the private sector as well. Even if we succeed in reducing and time to degree, most students entering next year will not be receiving their degrees until 1997 at the earliest. We must all act swiftly if education is to prevail over catastrophe.

Thank you.

Senator PELL. Thank you very much indeed.

[The prepared statement of Mr. Ziolkowski follows:]

PREPARED STATEMENT OF MR. ZIOLKOWSKI

Mr. Chairman and Members of the Committee, I want to thank you for the opportunity to testify this morning. The members of this subcommittee have been champions of student support at the graduate and undergraduate levels for many years and it is a privilege for me to testify before you today.

My name is Ted Ziolkowski and for the past twelve years, I have been Dean of the Graduate School at Princeton University in Princeton, New Jersey. I hold a joint appointment in the Department of Comparative Literature and continue to teach and publish in the field of German and European literature. Recently, I served as the President of the Modern Language Association and I am currently the President of the Association of Graduate Schools of the Association of American Universities. I speak today on behalf of Princeton University, Association of Graduate Schools-Association of American Universities, Council of Graduate Schools, National Association of Graduate-Professional Students, Inc., and National Association of State Universities and Land Grant Colleges.

Graduate education in the United States is a large and diverse enterprise. The nation's programs of graduate and professional education produced approximately 34,000 Ph.D.s, 309,000 master's degrees, and 71,000 professional degrees in 1989. The talented students who complete these programs are a rich resource for the nation.

Doctorate recipients become the scientists, teachers, and scholars responsible for the discovery and dissemination of new knowledge and the preservation and interpretation of our intellectual and cultural heritage. Master's education, one of the most rapidly evolving educational sectors, provides advanced training in a wide array of fields tailored to changing work force and public sector needs, as well as preparing students for further advanced study.

Professional programs train people in medicine, dentistry, and other health professions, in law and theology, providing skills and knowledge critical for improving the health of our citizens, protecting their civil liberties, and sustaining and developing their values.

Because graduate and professional education serve important national needs, the federal government plays a significant role in their support. The Department of Education programs including both grants and loans are central to the maintenance of a healthy and successful graduate enterprise. The reauthorization of the Higher Education Act provides an opportunity for the Congress and the Administration to review and adjust the Department's legislative mandate for graduate and professional education in order to meet national needs more effectively.

The careers and career advancement which postbaccalaureate programs make possible provide substantial incentives for students to enroll in those programs. The federal role in supporting postbaccalaureate education should augment market and

other incentives as necessary to assure the development of human resources sufficient to meet the nation's needs and provide targeted incentives to students from groups underrepresented in postbaccalaureate education and the careers to which advanced education provides access.

The Department of Education's postbaccalaureate programs address both the nation's human resource needs and the expansion of individual opportunity. In considering how the Department's programs might be strengthened during the reauthorization of the Higher Education Act, these programs should be assessed in the context of programs administered by other agencies and departments of the federal government and in terms of the projected national needs over the period covered by the legislation.

Because of the importance of science and technology to the nation's economic competitiveness, the health of our citizens, and the strength of our national defense, the federal government invests substantially in the production of scientists and engineers through other federal agencies including the National Science Foundation, the National Institutes of Health, and the mission agencies which are dependent on a strong national R&D enterprise--the National Aeronautics and Space Administration and the Departments of Defense, Energy, and Agriculture. The graduate students supported by these agencies pursue careers in industrial and government laboratories as well as in the academic sector.

The Department of Education programs complement the objectives of these agencies and contribute to the strength and continuity of the nation's education and research programs by enhancing the quality and diversity of the college and university faculty that are the core of our system of higher education and research. The faculty of the nation's colleges and universities teach more than 12 million college students annually. These faculty conduct a major share of the nation's basic science research, and they are the primary source of scholarship in the arts and the humanities. They educate the succeeding generations of teachers, scientists, and scholars on whom our education and research programs depend.

One of the Department's principal postbaccalaureate objectives should be to enhance the quality and diversity of college and university faculty through fellowship and traineeship programs leading to the Ph.D. and academic careers. Quality is enhanced by allocating funds competitively based on the merit of the students and programs supported as judged by representative panels of faculty with the knowledge and experience to make such judgments. Diversity is enhanced by expanding incentives and support for students from groups underrepresented in the nation's faculties. Particular emphasis should be given to support for graduate study in the humanities, which receive no support through other federal agencies.

Another objective of the Department's postbaccalaureate programs should be the expansion of individual opportunity. This can be carried out in two ways. First, grant support should be provided to students from groups underrepresented in master's and professional programs, complementing the program for students underrepresented in doctoral education, described above. Among the groups underrepresented in postbaccalaureate programs are some of the fastest-growing sectors of our population. It is an urgent practical imperative as well as a social concern that their participation in postbaccalaureate programs be increased.

In addition, adequate loan capital should be provided for all postbaccalaureate study on terms feasible for these students, most of whom are adults foregoing earned income to pursue advanced education. Many of these students will have already accumulated substantial undergraduate indebtedness.

Programs supporting doctoral study will be especially important over the period covered by the reauthorized legislation. A number of recent studies have expressed concern about the adequacy of the supply of Ph.D.s over the next 25 years. In a thorough analysis of the academic labor market for arts and sciences disciplines, William Bowen and Julie Ann Sosa have shown that, absent intervention and assuming continued institutional activity at current levels, current and projected trends in Ph.D. supply and demand will result in substantial shortages of Ph.D.s beginning in just a few years and extending well into the next century.

According to their projections, between 1997 and 2002 there will be only eight candidates for every ten faculty vacancies across all arts and sciences disciplines; over that same period, only seven candidates will be available for every ten vacancies in the humanities and social sciences. Shortages in high-demand fields such as computer science, engineering, mathematics, and business are already occurring.

A Ph.D. shortage will pit colleges and universities against industry, government, and other Ph.D. markets in an intense competition for scarce human resources. Competition among sectors for talent is normally beneficial. But a severe Ph.D. shortage will place colleges and universities—with their more limited resources—at a competitive disadvantage with industry and other sectors in recruiting Ph.D.s.

The Department's existing postbaccalaureate programs contain most of the elements of an effective strategy for enhancing the quality and diversity of college and university faculty and for expanding individual opportunity for graduate and professional study. The legislative proposals described below will sharpen the focus of these programs and improve their interconnections, thereby strengthening the Department's capacity to carry out its role in meeting the national needs served by graduate and professional education.

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I. ENHANCING THE QUALITY AND DIVERSITY OF COLLEGE AND UNIVERSITY FACULTY

These programs should be designed to meet two broad objectives:

1. increasing the number of talented U.S. students in all disciplines who pursue faculty careers,

2. attracting into doctoral programs larger numbers of students from groups underrepresented on college and university faculties—Blacks, Hispanics, and Native Americans in virtually all fields, and women in science and engineering.

The Department of Education can accomplish these objectives through expansion and modification of the following Title IX fellowship and traineeship programs: Grants to Institutions to Encourage Minority Participation in Graduate Education, Patricia Roberts Harris Graduate Fellowships, Jacob K. Javits Fellows Program, and Graduate Assistance in Areas of National Need.

General Provisions

There are five recommendations that apply to Title IX graduate programs collectively. Their implementation would strengthen the Department's administration of the programs and enhance the programs' capacities to attract talented students into graduate education.

Reorganization of Graduate Programs

The current programs in Title IX should not be consolidated as proposed by the Administration. To do so would eliminate a set of complementary programs which can effectively reach different kinds of students and institutions. However, it would make a great deal of sense to consolidate the management of the different programs. Currently the different Title IX programs are administered by several different program officials under different procedures and schedules.

Program management could be substantially improved by the simple process of consolidating the administration of all the graduate programs in one unit adequately staffed. At this time, the lack of common procedures and lack of compatibility with academic practices reduces the effectiveness of the programs.

All the Title IX programs share the procedure of awarding grants through competitive processes. Such a process requires skillful administration and informed, objective evaluation. The programs could be more simply and effectively administered as a unit by a common staff with a working knowledge of all programs, using a shared pool of faculty reviewers knowledgeable about graduate education.

By separately organizing the programs within the Department in a manner similar to the organization of the Title VI International Studies programs or the Fund for the Improvement of Postsecondary Education, the Department could expand and coordinate staff support and develop common procedures compatible with academic practices.

To help implement this management improvement, Congress should take two additional actions related to program staffing:

1. assure that the Department provides adequate staff support to administer the programs effectively, perhaps by providing explicit salaries and expenses funding through the appropriations process, and

2. provide an "excepted hire" authority similar to that provided to the Fund for the Improvement of Postsecondary Education, to enable the Department to draw experienced graduate education administrators from campuses to assist in the administration of the Department's graduate programs.

Program Schedules

The Department has had chronic difficulty in allocating awards on a schedule that permits the programs to achieve their full benefit. Some of this difficulty arises from delays in the appropriations process. Much of the difficulty is due to inadequate staffing by the Department. If the Department's programs are reorganized as suggested above and provided with adequate staffing, they should then be able to operate according to schedules compatible with academic practices.

Graduate schools begin recruiting new students almost a year before their scheduled enrollment, during the fall and winter of the prior year. Traineeship programs such as the Harris and National Need programs should therefore be announced no later than January for traineeships that will begin in the fall of that year. Announcing awards later than that date impairs departmental planning and undermines the recruitment value of the traineeships.

Fellowships should be announced no later than mid-March for support that will begin the following fall. Students must make commitments to graduate programs by April 15, and they need to know before that date whether or not they have received a fellowship. Otherwise, for instance, they may commit themselves to a program simply because it offers support without making a free decision based on quality.

Use of Financial Need Analysis in Graduate Grant Programs

Although all Title IX grants are awarded competitively, they all currently employ some form of need analysis to determine the stipend level. There is certainly some appeal to this hybrid policy of awarding grants based on merit and determining the level of support based on financial need, since its objective is to support the most promising students at an appropriate level, not in excess of their actual financial need. There are, however, sound policy and practical reasons for rejecting such a procedure.

The needs determination procedure may undermine the policy of providing sufficient incentives to attract into graduate education highly talented students whom the nation needs for teaching and research. These students often have other career options. At a practical level, the administrative burden on campuses and on the Department to carry out the requisite need analyses results in little or no difference in the size of stipends because the financial need of graduate students generally exceeds or approximates the maximum stipend level. At Princeton, for instance, the estimated cost-of-living by which we evaluate need projects $10,973 for a single student for 10 months and $13,342 for 12 months in the coming academic year.

It should be noted that the Department of Education is the only federal agency that subjects graduate stipends to a financial need analysis.

Stipend Levels

The talented college graduates the nation needs to earn Ph.D.s are adults with many options before them. Those who choose to enroll in doctoral programs must forego income and incur additional expenses for extended years of advanced education leading to the Ph.D. When the disparity between what those students can earn as college graduates and what it will cost them to earn a Ph.D. makes doctoral education an economically irrational choice, the students behave rationally.

Department of Education graduate stipends are currently capped at $10,000 (in contrast to $14,000 this year for NSF fellowships). That level is too low for the programs to accomplish their objectives, particularly since authorizing levels extend over a five- or six-year period following reauthorization.

The Department should eliminate specific dollar ceilings on stipends and substitute legislative language directing stipends to be set at levels necessary to accomplish the goals of attracting highly talented students into doctoral programs and making it possible for them to complete those programs.

Cost-of-Education Allowances

The Harris and Javits programs provide a cost-of-education allowance to the institution of $6,000 per year per student. Actual institutional costs exceed $20,000 per student. The disparity between institutional allowances and actual costs should be reduced. For the period of reauthorization, the legislation should specify an initial institutional allowance of $10,000 with an annual inflationary increase.

Program Recommendations

Grants to Institutions to Encourage Minority Participation in Graduate Education (IX-A)

The Department's undergraduate internship program is a proven model for increasing minority graduate enrollment through summer research internships and additional educational enrichment programs for talented minority undergraduates. Such programs are highly effective in interesting students in and preparing them for graduate study.

1. Expand the program to include women in fields in which they are underrepresented: The Department should expand its minority undergraduate research internship program to include women. Participation by women in most science and engineering fields remains extremely low. In 1989 women received only 19 percent and 8 percent respectively of Ph.D.s awarded in physical sciences and engineering. Early exposure to scientific research could significantly expand the number of female undergraduates interested in academic careers in science and engineering fields. Special attention should be given to recruiting minority women through the program and the emphasis in this program should continue to be recruitment of minority students.

2. Eliminate or modify the financial need provisions governing internship stipends: The current financial need constraints discourage many undergraduates who would benefit from the program from participating because the stipend support they receive is so much less than the money they need to earn through summer jobs to help meet the coming year's college costs. If the stipend provided by the program is a barrier to participation, the purpose of the program is undermined.

3. Make available information on students supported as summer interns: The Department should collect information from grant recipients on student interns and their fields of study. (This is already done at a certain level by Educational Testing Service and the National

Name Exchange Consortium. This will allow universities seeking to increase their graduate enrollments of minorities and women to recruit from this pool of students.

4. Provide an authorization level of $25 million for the program: Continued progress on increasing the number of underrepresented students who pursue graduate education will require a substantial expansion of the pool of female and minority undergraduates who are candidates for graduate study. The Title IX internship program has demonstrated its capacity to enrich the educational experiences of talented undergraduates and encourage them to pursue graduate study. The higher education community has responded enthusiastically to the program, generating far more worthy proposals than can be funded with available funds. Furthermore, if the program is expanded to include women and if the financial disincentives to student participation are eliminated, the pool of undergraduates who would benefit from the program will be greatly expanded.

Patricia Roberts Harris Graduate Fellowships (IX-B)

The Department's graduate programs include two Harris programs. The programs have provided valuable assistance to colleges and universities in attracting underrepresented students into postbaccalaureate programs. The Harris Graduate Fellowship Program awards grants to institutions and departments to support the postbaccalaureate study of students from groups underrepresented in master's, doctoral, and selected professional programs. The Harris Public Service Fellowship Program supports primarily master's and some doctoral study in public administration.

Both programs should have as their central purpose increasing the participation of students from groups underrepresented in postbaccalaureate programs. However, the programs would be more effective if they were separately focused on the two proposed objectives of the Department's postbaccalaureate programs.

The Harris Graduate Fellowship Program should be designed to increase the quality and diversity of the faculty by encouraging and enabling underrepresented minorities and women to pursue academic careers. The Harris Public Service Program should be substantially expanded to support the postbaccalaureate study of students from groups underrepresented in careers served by master's and professional programs (see section 11 below).

The Harris Graduate Fellowship program should be the major federal program encouraging talented minority and female students to pursue academic careers. To accomplish this critical objective, the program should be modified to provide up to five years of federal-university support as follows:

1. Focus the program on doctoral study leading to faculty careers through the provision of two years of support for entering graduate students and an added year of dissertation support contingent upon satisfactory progress to the dissertation stage: Two years of fellowship support for entering graduate students will provide an effective incentive for students to enroll in doctoral programs. The provision of a third year of dissertation support will reduce attrition and shorten time-to-degree by filling a gap in doctoral support that is especially critical in the humanities and social sciences. Making such support contingent upon the student's making satisfactory progress to the dissertation stage will provide an extra incentive to students and departments to complete doctoral study in the minimum time necessary. (This has been the pattern in the Mellon Fellowship Program, which is now being phased out after ten successful years.)

   Increasing the number of minority and female faculty will have a ripple effect of providing strong role models for undergraduate students moving through the pipeline, enhancing the direct effects of program support.

2. Add a university matching requirement to provide trainees with up to two years of university-funded support, including at least one year of supervised teaching experience: Departments which receive program funding should provide assurances that they will provide up to two years of support including formal teacher training to carry trainees to the dissertation stage.

3. Provide an authorization level of $50 million for the program: The Harris program needs an authorization level commensurate with its proposed role as the federal government's primary federal program supporting minorities and women pursuing academic careers.

Jacob K. Javits Fellows Program (IX-C)

The Javits fellowship program is the only federally funded program that has as its express purpose supporting graduate study in the arts and the humanities, and is one of the few programs providing support for students in the social sciences. Since it was first funded in FY 1985, the Javits program has encouraged some of the nation's most gifted college graduates to pursue graduate study. The projections of Bowen and Sosa cited earlier show that faculty shortages will be especially acute in the humanities and social sciences. The Javits program will continue to play a critical role in averting those shortages by drawing increased numbers of talented students into academic careers in the arts, humanities, and social sciences. There is evidence that the Javits program has helped to reduce the time to degree for students and

the national competition has been successful in attracting students from many institutions and diverse backgrounds to graduate study.

The Javits program was intended to be the complement among federal fellowship programs to the prestigious National Science Foundation Graduate Fellowship Program; the current authorizing language states that the "stipend levels established by the Secretary shall reflect the purpose of this program to encourage highly talented students to undertake graduate study and shall provide a level of support comparable to that provided by federally funded graduate fellowships in the science and engineering fields." However, for FY 1992, the NSF program will support approximately 3,000 new and continuing students with stipends of $14,000 annually. The Javits program supports fewer than 500 students with need-based stipends capped at $10,000.

Assuming that the level of support provided by individual fellowships is increased in accordance with recommendations made earlier (in the "General Provisions" section), the following changes should also be incorporated into the program's authorization:

1. Specify that the program should award 600 new fellowships and support up to 2,400 new and continuing fellows annually: Although this number of fellowships will leave the Javits program below the NSF program, it will increase significantly the number of high-quality students pursuing academic careers and will help reduce the projected faculty shortages in fields served by the program. With the loss of the Mellon fellowships for study in the humanities, the increase in the number of fellowships is very much needed.

2. Provide an authorization level of $50 million for the program: This authorization level is necessary to accommodate the proposed increase in number of students supported and the amount of support provided by each fellowship.

Graduate Assistance in Areas of National Need (IX-D)

This program was added to Title IX in the Higher Education Amendments of 1986 and first funded in FY 1988. It has enabled high-quality graduate departments to expand their programs to respond to national needs primarily in science and engineering.

The program should be modified in accordance with the proposed mission of the Department to support the preparation of academic faculty:

1. Allocate support to those disciplines in which faculty demand is projected to be acute: Manpower projections should not be used as precise allocation mechanisms but rather as a guide for determining funding priorities.

The Secretary would select eligible fields on the basis of the projected need for faculty due to replacement demand, enrollment shifts, and emerging fields.

2. Add a university matching requirement to provide trainees with at least one year of university-funded, supervised teaching experience: Departments which receive program funding should provide assurances that they will include formal teacher training in the graduate programs of trainees.

3. Clarify that students who have received master's degrees from a different institution are eligible for support under the program: Although the current legislation states that departments "shall make commitments to graduate students at any point of their graduate study," the legislation should make explicit that students who have enrolled in a doctoral program after receiving a master's degree at another institution are eligible for support.

4. Provide an authorization level of $50 million: Faculty shortages are projected in virtually all arts and sciences fields by the end of the decade; shortages in high-demand fields already exist. The funding for this program will have to be substantially expanded to help increase the supply of faculty to meet increasing demand.

II. EXPANDING INDIVIDUAL OPPORTUNITY

In addition to a mission of enhancing the quality and diversity of college and university faculty, the Department should support a complementary objective of expanding individual opportunity. This objective should be accomplished in two ways: a grant program for students from groups underrepresented in master's and professional education, and the provision of adequate loan capital for all postbaccalaureate study.

Grant Support

The Department should administer a competitively funded program providing grants to institutions to support students underrepresented in selected careers requiring master's or professional degrees. Such a program could be established by either expanding the current Harris Public Service fellowship program or establishing a second program component to provide grant support to women and minorities in master's and professional programs leading to careers that serve a public interest and in which they are underrepresented, including academic careers. This program would be of equal emphasis and funding with the Harris Graduate Fellowship program described above.

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The program should have the following additional characteristics:

1. Allocate awards based on success of programs in providing students with access to careers in which they are underrepresented: The principal measure of expanded individual opportunity should be career access and advancement. For example, although students pursuing Ph.D. degrees are generally better advised to enter doctoral programs directly, evidence that master's students supported in this program subsequently enroll in doctoral programs should also be considered favorably.

2. Provide traineeship support for up to two years of master's or professional study: Two years of support should cover all or most professional and master's study, since these programs are shorter than doctoral programs.

3. Provide an authorization level of $50 million for the program: Because both women and minorities are underrepresented in most master's and professional programs, the program needs to receive substantial funding to achieve its objective of expanding individual opportunity.

Loan Support

Loans provide a critical source of financial support for postbaccalaureate study. Loans are often the primary source of support for students in professional and master's programs, but they are increasingly necessary as a source of supplemental support in doctoral programs.

Use of base-year vs. estimated-year income for determining financial need

The use of base-year income—the income earned in the year before enrolling in an academic program—penalizes a large proportion of postbaccalaureate students who have worked for a year or more after completing their undergraduate education. Financial aid administrators have authority to exercise professional judgment and use projected current year income when they believe it would provide a more appropriate determination of a student's expected contribution. However, since use of base-year income is inappropriate for so many professional and graduate students, use of current year estimates should be the rule, with professional judgment applied to the exceptions where base-year income would be more appropriate.

Inclusion of costs related to postbaccalaureate activities in federal student aid budgets

Students in professional and certain graduate programs often incur activity costs which are directly related to those programs and are essential to the completion of educational objectives. Although not legislatively proscribed from student budgets, Department regulations prohibit the use of federal financial aid to meet such costs as fees for licensing exams. Consideration should be given to modifying need analysis legislation to include explicitly such costs in determining student budgets.

Loan limits

As with other higher education sectors, graduate and professional education costs have risen considerably in recent years. Particularly in professional programs, the combination of high cost and length of study have pushed students to their annual aggregate loan limits well before total educational costs are met. Consequently, students must borrow from unsubsidized, higher-interest loan programs, which substantially increases their indebtedness. Increasing the annual loan limits on subsidized loans would reduce students' dependence on higher-cost loan programs, resulting in more manageable debt levels and reducing the financial barriers to lower-paying careers that serve society's poor and disadvantaged. At Princeton, the average loan increases each time the loan ceiling is raised; because of varying fellowship availability students seeking professional degrees in architecture contribute the largest single group of borrowers.

Loan deferments

Some professional school graduates must continue their training to gain practical experience in their chosen field or specialty. Medical residents in particular must train in a hospital or health care facility for three to seven years or more. In recognition of the difficulty in making loan repayment during continued training, the Title IV statute provides a two-year deferment of Stafford and Perkins loan repayments during such extended training. However, many residents must continue in a training program beyond two years. An extension of the deferment period to three years would bring policy into closer accord with reality and help alleviate the indebtedness barrier to expanded access to health professions education.

Incentive grants to institutions for the establishment of loan repayment programs

Congress should consider establishing a program of matching grants to institutions for the development of loan repayment programs that would encourage and assist graduates to enter low-paying careers serving underprivileged populations. Some

institutions have begun such programs on their own: a medical school provides loan repayment for graduates who choose to practice primary care medicine in rural, underserved areas; a law school provides loan repayment for graduates working in public interest law; a business school provides loan repayment for nonprofit or public service management work by its graduates. A federal matching program would encourage a larger number of institutions to adopt such programs.

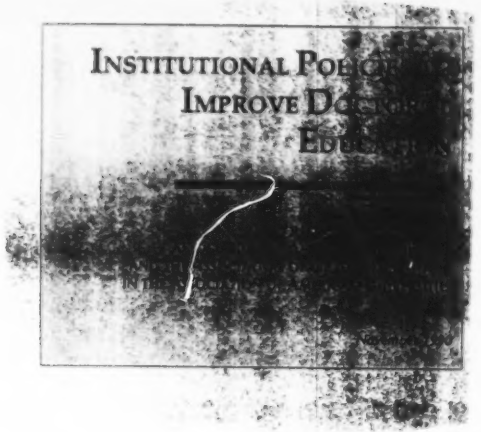
CONCLUSION

Graduate and professional education provides access to careers critically important to the nation. The Department of Education can play a distinctive federal role in supporting graduate and professional education by focusing on enhancing the quality and diversity of college and university faculty and expanding individual opportunity at the postbaccalaureate level.

The recommendations presented in this paper will provide the Department with the tools to fulfill this mission. The Title IX fellowship and traineeship programs provide complementary forms of support at the graduate level, as do the Pell Grant Program and campus-based grant programs at the undergraduate level. The proposed modifications to the undergraduate internship program would substantially expand the pool of students from underrepresented groups who are prepared for graduate education, and the fellowship and traineeship programs would provide multiple entry points into graduate programs for these students, accommodating the multiple paths leading to the Ph.D. The matching requirement for university-funded supervised teaching added to the traineeship programs would encourage the development of both the teaching and the research dimensions of academic careers.

The Department's capacity to expand individual opportunity would be substantially increased through the creation of a comprehensive grant program for master's and professional study for students from groups underrepresented in careers to which those programs provide access.

By administratively consolidating the Department's graduate and professional programs and providing the means to recruit campus administrators to assist in managing those programs, the Department would be given the staff capacity to manage this strengthened portfolio effectively and productively.



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AGS Task Force on Institutional Policies Governing Doctoral Education*

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Introduction

Through doctoral education, talented students master the advanced concepts of a particular field of intellectual inquiry and develop the capacity to make independent contributions to knowledge. The quality of students entering our doctoral programs, after a period of decline, is now showing signs of recovery; some (though not enough) of our most talented U.S. college graduates are enrolling in doctoral programs, and these programs draw some of the best students from foreign countries as well.

Closer examination, however, reveals several disturbing trends:

- The proportion of U.S. students earning doctoral degrees has been declining for two decades, and the absolute number of U.S. doctorate recipients has been declining for more than a decade.
- The proportion of the very strongest students enrolling in doctoral programs has been declining for more than two decades;[1] it is not clear whether recent signs of recovery are the beginning of a sustained reversal.
- Many of those students who do enroll are taking too long to complete their degrees: in 1988, the median registered time-to-degree was 6.9 years.[2]

1. The proportion of Rhodes Scholars, Phi Beta Kappa recipients, and students in the top 3-5% of college classes who enroll in doctoral programs has been decreasing since the late '50s and early '60s. Arthur M. Hauptman, *Students in Graduate and Professional Education: What We Know and Need to Know* (Washington, D.C.: Association of American Universities/St. Mary's Press, 1986).
2. Total time to degree (*TTD*) is the calendar time between earning a bachelor's degree and a doctorate; registered time to degree (*RTD*) includes only time in graduate school.

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- Attrition appears to be disturbingly high; although national data are not available, estimates place the average attrition rate at 50 percent, and it is often higher in some fields of the humanities.

The well-documented projections of severe shortages of Ph.D.s beginning in just a few years make these trends in doctoral education all the more disturbing.[3]

The Charge

Because of their concern about these projected shortages and the trends in doctoral education which are impeding Ph.D. production, the member presidents and chancellors of the Association of American Universities (AAU) asked the Association of Graduate Schools (AGS), comprising the graduate deans of their institutions, to recommend institutional policies which can improve the effectiveness and efficiency of doctoral programs.

The AGS Executive Committee appointed a task force of graduate deans to carry out this request. A draft report prepared by that group was discussed by the AGS graduate deans at their 1990 annual meeting. A revised report was submitted to the AAU presidents and chancellors for their consideration at their fall meeting. Changes recommended by both groups have been incorporated into this text, which contains the joint views and recommendations of AAU and AGS.

3 William G. Bowen and Julie Ann Sosa, *Prospects for Faculty in the Arts and Sciences* (Princeton, NJ: Princeton University Press, 1989); Richard C. Atkinson, "Supply and Demand for Scientists and Engineers: A National Crisis in the Making," Science 248 (April 1990): 425-432.

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Institutional and Individual Differences and the Nonacademic Environment

Graduate education is organized in diverse ways in this country's research universities. Institutions and departments vary in their traditions, practices, size, and comprehensiveness. Academic fields differ in disciplinary ethos, programmatic requirements, and funding patterns. We have sought to provide clear descriptions of current problems and to offer recommendations for improvement. But we recognize and stress at the outset that institutions and departments experience those problems to differing degrees and will need to implement our recommendations in ways appropriate to their particular circumstances. We are aware that a number of institutions have established or are developing policies that incorporate some of these recommendations.

Moreover, we understand that graduate students differ greatly in their capacity for effective self-direction and their need for advice and support. Our recommendations are intended to promote an educational environment that will better inform choices by graduate students; obviously, these recommendations will prove more useful to some than to others.

Further, our report restricts itself to the academic environment. We do not thereby intend to imply that such problems as housing, health care, child care, and socialization into the university community are unimportant. Indeed, these issues take on increased importance with the increasing diversity of our graduate student bodies. The mixture of students of different races and cultures enriches the intellectual and social context of our graduate programs but adds new challenges as well. Although the resources available to meet even basic academic needs are limited, we believe that universities should strive to provide a supportive environment for all graduate students, one which enables them to confront their academic challenges with minimal distractions and therefore with better chances of success.

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Institutional Policies Governing Doctoral Education: Problems and Recommendations

We believe that the reduced participation in doctoral programs by U.S. students is caused in part by the costs and risks reflected in long times-to-degree and high attrition rates. Moreover, we see ample evidence that lax practices and unenforced policies within universities contribute to high attrition and prolonged completion times. We recognize that there are clear limits to what can and should be done about these problems: not all students who enroll in doctoral programs should complete them; some of those who do not finish nonetheless benefit from graduate study; many factors which may extend time-to-degree reflect legitimate academic considerations; some of the causes of attrition and extended completion times are beyond the control of institutions and their faculty. The severity of these problems varies greatly by discipline, institution, and department. The task for university administrators responsible for doctoral education is to identify those contributory factors over which we can exert control and to adopt policies that will minimize their impact.

No set of policies, however carefully crafted, can succeed without the active participation of the faculty who carry out graduate education; to bring about the program improvements that are needed, it is imperative that administrators secure the understanding and support of the faculty.

Teaching by Graduate Students

Problems

Since virtually all doctoral students, whether or not they enter the academic sector, will be engaged in not only the creation but the dissemination of knowledge, the skills acquired in learning how to teach will be fundamental to their future work. Yet in far too many programs, effective teachers are produced by happenstance rather than by design. Graduate students often teach too much but are not sufficiently assisted in becoming effective teachers; we find this both ironic and unacceptable.

The primary reason why graduate students should teach is to prepare them to be effective teachers. Graduate students constitute an appropriate and important component of the teaching personnel of research universities, but far too many departments have become dependent on graduate students to meet their teaching requirements. Because departments have financial and other incentives for maintaining a heavy use of graduate students as teachers, graduate students often become caught in a financial vice, with teaching as their sole source of support. Extreme examples, reported from several campuses, include creating new undergraduate course sections, not because they make good educational sense but because they provide convenient financial support for graduate students.

We believe that excessive teaching is a major contributor to prolonged time-to-degree. It is unlikely that any true educational purpose is served by teaching more than three years as a graduate student. Other sources of support should be sought for students who have reached this limit.

At the other extreme are students who teach too little or not at all. A student who has sufficient financial support from fellowships, research assistantships, or other sources may do no teaching during his or her entire doctoral program unless it is specifically required.

The issue, here as elsewhere, is one of balance: some students may need to teach more than is necessary for pedagogical reasons in order to generate needed financial support; some students planning nonacademic careers may teach little. We recognize that teaching can have a powerfully reinforcing influence on a student's commitment to completing the doctorate. On balance, we are strongly committed to two objectives: first, that all students should do some teaching; second, that no students should substantially extend their completion times by teaching.

Recommendations

- Departments and programs should assure that their graduate students receive instruction in teaching methods, with assessments and feedback on teaching performance and, if possible, with a progression of increasingly advanced teaching experiences including significant in-class teaching.
- Departments and programs which do not require teaching should review the objectives of their graduate programs and seriously ask themselves why some teaching should not be required of all students.
- Universities should limit the number of terms graduate students are permitted to teach; other sources of support should be sought for students who have reached that limit.
- Course sections should never be offered when the principal justification is to provide financial support for graduate students.

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Research

Problems

Graduate students form an integral part of the academic research enterprise, conducting a large portion of university research and infusing it with fresh energy and creativity. But the principal purpose of graduate student research remains pedagogical: graduate students need to learn how to perform research, demonstrate that ability in their dissertations, and then move on. In the natural sciences and engineering, research assistantships provide graduate students simultaneously with financial support and with research experience as apprentices to faculty investigators. Such support falls short of its potential when research assistants continue to be used as low-level assistants—thereby failing to acquire increasing experience in research methodology—or are obliged to work in areas far removed from their own emerging areas of interest.

We know of instances where faculty investigators have prolonged the time graduate students have spent in their laboratories chiefly because of their value to the faculty member's research. In other cases, a graduate student may seek extended research work in order to learn new techniques or generate more publications. However, students are almost always better off expanding their research expertise as faculty and nonacademic professionals after having received their doctorates rather than prolonging their apprenticeships as graduate students.

In the humanities and the humanistically oriented social sciences, as currently practiced, the major problems are twofold: the absence of mechanisms (owing to different traditions and patterns of research) for involving graduate students early and often as active participants in research, and the absence of financial support for the research they do perform. The time-to-degree in the natural sciences is consistently shorter than in the humanities and related social sciences. Where the data are available, attrition rates are shown to be significantly lower in

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the natural sciences as well.[4] There is strong reason to believe that the collaborative research model that characterizes faculty-student relationships in the sciences is a key factor in the generally more efficient doctoral programs in those disciplines.

Dissertation: For most doctoral students, the preparation of the dissertation constitutes the most critical period in doctoral education, the period most difficult to initiate and to complete. The two principal problems with dissertation work are first, the difficulty many students—particularly in the humanities and social sciences—have in developing a dissertation topic, and second, the excessive scope of some projects.

We suspect that the increasing complexity of academic subfields may be largely responsible for the first problem, and that the recent sluggishness of academic labor markets (when an exceptionally comprehensive thesis is seen as indispensable in competing successfully for available positions) contributes significantly to the second. But conditions have changed, and we believe it is time to reaffirm that the primary purpose of the dissertation is to demonstrate a student's capacity for independent work; it need not go beyond that demonstration.[5]

Postdoctoral fellowships: Postdoctoral work is a rapidly growing dimension of the academic environment that is not well organized on most campuses. Although postdoctoral appointments occur primarily in the sciences, they are increasing in the social sciences and humanities as well. It is unclear to what extent this increase reflects the growing complexity of research and the concomitant need for more research training, the need for a "holding pattern" in the tight job markets that continue to exist in many fields, or the desire to increase one's publication record to improve employment prospects.

There is enormous variation by field in the proportion of doctorate recipients who pursue postdoctoral training and in the role that training plays in the professional education of persons entering a discipline. In some disciplines, postdoctoral work is limited primarily to individual requirements for additional specialized training. In other fields, the growing array and complexity of research techniques has made postdoctoral work an almost essential component of advanced education for most students, so much so that it might reasonably be included in computing the time-to-degree.

At their best, postdoctoral fellowships provide a valuable opportunity for students to expand their research skills, and the presence of postdocs in research laboratories is beneficial to faculty and graduate students alike. However, the increasing frequency of postdoctoral appointments (postdocs are often taken successively at two different institutions) may in some cases have the unintended effect of diminishing the significance of the dissertation as a demonstration of appropriately broad research capability and thereby of extending doctoral education unnecessarily into postdoctoral work.

Although conclusive data are not presently available, colleagues on some campuses express concern that faculty investigators are supporting postdoctoral fellows rather than graduate research assistants on research grants because postdocs may be less costly, have more advanced skills, and can devote more time to research. We urge that faculty and administrators examine the roles of postdoctoral fellows and graduate students in their departments and programs to provide assurance that both groups are appropriately integrated into the institution's research and educational functions.

4. Where comparisons have been undertaken, time-to-degree and attrition are found to vary in similar ways.

5. Recognizing the critical—and changing—role of the dissertation, the Council of Graduate Schools has conducted a major study, *The Role and Nature of the Doctoral Dissertation*, which we commend to university faculty and administrators.

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Recommendations

- Graduate students should be encouraged to begin early to learn the research and scholarly techniques of their discipline and to begin preparing for and carrying out dissertation research as early as possible; faculty should not permit students' research to prolong unnecessarily the time-to-degree.

- Research assistantships should maintain a dual purpose of supporting the conduct of research and of providing students with instruction and financial support.

- Departments and interdisciplinary programs in the humanities and related disciplines should develop ways for faculty to involve their students actively and early in research projects or comparable initiatives that will provide apprenticeship research training analogous to that provided in natural science and engineering fields.

- Departments and programs should develop mechanisms such as research seminars, laboratory work, and student-advisor consultations that lead to the timely development of dissertation topics.

- Advisors must assume more responsibility in certifying that the dissertation topic is a realistic project that can be completed in a reasonable period of time; departments may wish to consider establishing a recommended upper limit to the length of the dissertation; in those cases where a dissertation of exceptional scope is being considered, the advisor should make certain that the student is making a fully informed choice.

- Universities and departments should make every effort to assure that students have sufficient financial support to permit full-time attention to their dissertations once the work is in its final phase.

- Departments should consider organizing seminars or other appropriate group discussions which provide feedback to students working on their dissertations.

- Graduate schools should work with departments and programs to develop effective procedures for monitoring the progress of students working on their dissertations; this might be accomplished by use of progress reports during the dissertation stage, generated by or shared with the student, which could be submitted annually by the faculty advisor to the Department Chair and forwarded to the Dean of the Graduate School.

- University administrators should review the number and use of postdoctoral fellows to assure their effective incorporation into the missions of the university.

Faculty Teaching and Mentoring

Problems

In addition to formal teaching, advice and support from faculty mentors are critical to students' success in their doctoral programs. While this observation is scarcely novel, current features in the university environment make its reaffirmation extremely important. Teaching of graduate students ranges from formal classroom instruction

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to individualized mentoring. Graduate student mentoring is often a "hidden" effort, usually unreported and uncounted in official assignments of faculty duties. Given the competitive pressures for sponsored research funding; given new commitments to undergraduate teaching; given the increased opportunity for interdisciplinary research and the demands which this imposes; given, finally, the increased opportunities for faculty leave time available for guiding graduate students is often inadequate. As a result, effective faculty advising frequently occurs only at the initiative of unusually conscientious professors or persistent students rather than as a central component of regularly recurring faculty responsibilities. To restore balance and to guarantee sustained and predictable advising, we believe that departments should designate faculty advisors for all graduate students and should assure the maintenance of advising during scheduled faculty absences. Beyond the specific student-advisor relationship, faculty advising in the broader sense is properly the responsibility of all the graduate faculty with whom a student works.

In addition to advising students on the core activities of their graduate programs, faculty should, through both formal seminars and informal advising, instruct students in the broader issues of professional responsibility and ethical behavior in teaching, research, and scholarship.[6]

Recommendations

- Departments should establish explicit expectations and enforce explicit requirements for those faculty who advise graduate students.

6. For an excellent discussion of good practice in the relationship between graduate students and their research supervisors, see *Research Student and Supervisor*, published by the Council of Graduate Schools (One Dupont Circle, N.W., Suite 430, Washington, D.C. 20036-1173).

- All graduate students should have a designated faculty advisor at all stages of their programs and should be made aware of the importance of a careful choice of the dissertation advisor.

- Institutions and departments should recognize and appropriately reward the full range of faculty teaching and advising of graduate students.

- The schedule of anticipated faculty leaves and absences should be publicized within the graduate student community, and departments should assure the continuity of advising during absences as well as a known schedule for the teaching of "key" graduate courses.

Faculty advisors should assist students to:

- select coursework that matches the students' needs and interests, and recognize that curricular options which broaden academic experience may also extend the length of graduate programs;

- participate early in seminars, laboratory work, or other activities that engage students in research and assist them in the expeditious development of dissertation topics;

- define dissertation topics of realistic scope that can demonstrate a student's ability to make independent contributions to the field without encouraging projects of excessive magnitude, requiring several years to complete;

- develop a clear sense of professional responsibility and ethical standards of conduct in teaching, research, and scholarship.

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Curriculum

Problems

We believe that in many cases the content, shape, and focus of the graduate curriculum warrant fresh examination. The cumulative effects of curricular changes through simple accretion are a poorly integrated set of courses and a proliferation of requirements. The emergence of new and specialized subfields can undermine faculty agreement as to what constitutes the essential, substantive basis of many disciplines and lead to an accumulation of new "options" in graduate study. If unchecked by faculty counsel and departmental guidelines, students can postpone their advancement to candidacy through excessive coursework or through a real or perceived need to demonstrate mastery of several subfields.

At the same time, curricular requirements should have sufficient breadth that all students emerging from the program are well versed in the fundamental aspects of the discipline necessary for both teaching and research.

Recommendations

- New courses should be appropriately integrated rather than simply added to the existing curriculum; where possible, new courses and seminars should displace other components of the curriculum. The addition of new courses and the emergence of new subfields will require periodic redefinition by the faculty of what constitutes the coherent core of the discipline.

- Course requirements should provide sufficient flexibility to match coursework to expected career paths while assuring that all students receive the breadth of learning necessary for a comprehensive grasp of the discipline.

- Students should be adequately advised about preparation for qualifying examinations; the examinations should not be so open-ended that students are driven into excessive coursework in preparation for them.

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Evaluating Student Progress and Performance

Problems

We recognize that selecting students who have the ability, motivation, and discipline to complete doctoral programs is a difficult, inexact, and often highly subjective process. The objectives of doctoral education—mastery of a field and the ability to make independent contributions to it—require the development of aptitudes that cannot be directly evaluated by prior activities or accurately predicted by quantitative indicators.

Because of the difficulties of selection, it is imperative th. octoral programs evaluate students' progress, identify those students who should make other career choices, and help students who are experiencing correctable problems. When attrition occurs unnecessarily, students have been mistreated. When attrition occurs unnecessarily deep into the program, students, faculty, and institutions are expending resources to little or no good purpose.

We believe that early and effective assessments of student performance and periodic monitoring throughout doctoral programs can be valuable tools for improving those programs and student performance

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in them. However, we do not intend to advocate the development of yet another set of reports that contribute to the accumulation of paper but not to the improvement of education. Institutions and departments should design assessment procedures that best fit their circumstances. In some cases, an annual self-evaluation by students with an accompanying comment by the faculty advisor may be desirable; in other cases, it may be preferable for faculty to prepare evaluations. What we recommend is the development of forms of assessment that will produce meaningful information which will be used to good effect while minimizing bureaucratic intrusiveness on faculty and students.

Both fairness and efficacy require that evaluation procedures be accompanied by well-publicized expectations for student performance, grounds for dismissal, and procedures for appeal. Students who are being evaluated have a right to know in advance what is expected of them and how to challenge the judgments made of them.

Departments also should gather and make available data on actual performance and should adopt procedures to bring actual and expected standards into accord; if a program's announced time-to-degree is four years and the actual lapsed time is seven years, the program has created false advertising that undermines student performance and faculty expectations.

Recommendations

- Departments should develop and publicize, along with curricular requirements, realistic expectations for performance, including norms for time-to-candidacy and time-to-degree.

- Departments should require a written assessment of performance at the end of a student's first year, and should conduct an annual review or some other form of formal evaluation of progress throughout the student's program; such assessments might be prepared by students or their advisors but should be shared with both; appropriate actions should be taken on the basis of these assessments to bring actual and expected performance into accord.

- Universities should have explicit, well-publicized dismissal and appeal procedures.

Postscript: Funding for Doctoral Study

Although the purpose of this paper has been to recommend improvements in institutional policies, we would be remiss not to point out the critical role of financial support for students pursuing doctoral degrees. Particularly in the face of the projected shortages of Ph.D.s and the need to increase substantially their numbers, the provision of adequate, reliable financial support is necessary to attract talented students—who have many other career options available to them—into doctoral programs. The form such support takes can have a profound effect on students' progress through their programs. Students who lack subsidized support in the form of fellowships, traineeships, and teaching and research assistantships must rely on loans, work, or personal finances to pay for their education. A heavy reliance on loans is inappropriate for students who are adults (often with dependents), who frequently are already burdened with indebtedness from undergraduate loans, and who are embarking on extended courses of study at a point when most college graduates begin regular employment. Students who must rely on work outside their academic program as their primary means of support will almost unavoidably extend their times-to-degree. Excessive reliance on teaching assistantships for financial support also may extend completion times. Recent data indicate that, of those who complete their dissertations, students supported on fellowships, traineeships, and research assistantships have the shortest

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times-to-degree. Students supported on teaching assistantships take longer to complete their degrees, and students supported by loans and personal income have the longest times-to-degree.[7]

Clearly, some combination of grants and assistantships which include teaching would provide optimal support over the course of doctoral study; a careful analysis is needed to identify the optimal combinations by field. Nevertheless, doctoral study in virtually all disciplines is underfunded, and we strongly endorse the recommendations for expanded federal support for doctoral study made by AAU and other organizations and individuals.[8] Although we recognize the financial constraints on universities, we also urge university administrators to increase support of doctoral study, particularly at such critical junctures as the dissertation stage.

Conclusion

Universities which have carried out comparative assessments of doctoral programs have found that departments with well-structured programs, clear expectations of graduate student performance and faculty responsibilities, and widely shared faculty commitments to encouraging and facilitating students' progress have lower attrition rates and shorter times-to-degree than comparable departments whose programs lack those properties. We believe the recommendations presented here identify actions which can improve the universities' collective performance.

We recognize, however, that policy changes alone are insufficient; the commitment to implement them is crucial. We hope that presidents and chancellors, graduate deans, and other administrators will work with departments, programs, and faculty on each campus to translate these recommendations into effective procedures in the ways most appropriate to their institutional settings. To do so will require a serious commitment by all those in universities who are responsible for the administration and delivery of graduate education. University, departmental, and program administrators need to develop appropriate incentives which reward strong faculty performance in doctoral education. A concerted effort by all universities will improve the effectiveness of individual programs and will strengthen Ph.D. production nationwide.

7. National Research Council, *Summary Report 1987—Doctorate Recipients from United States Universities* (Washington, D.C.: National Academy Press, 1987).

8. The AAU position paper, "The Ph.D. Shortage: The Federal Role," calls for a doubling of the number of predoctoral fellowships and traineeships, increased support through research assistantships, and expanded incentives for underrepresented minorities and women. Atkinson (*op. cit.*) calls for a new National Program for Graduate Study awarding 3,000 new four-year traineeships annually for a steady-state program of 12,000 new and continuing traineeships. The National Association of State Universities and Land-Grant Colleges has developed a proposal for 1,000 new four-year engineering traineeships for a steady-state program of 4,000 new and continuing traineeships.

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Senator PELL. Ms. Glover.

Ms. GLOVER. Mr. Chairman and members of the committee, thank you for the opportunity to testify this morning.

My name is Carole Glover, and I am a Ph.D. student in anthropology at the American University here in Washington. I received my master's degree in anthropology from Memphis State University in 1989, and I moved here to Washington to start my Ph.D.

I am also president of the National Association of Graduate and Professional students, and it is on behalf of the 300,000 graduate and professional school students that our organization represents that I testify today.

In the brief time available, I'll touch on only a few of the issues of concern to graduate and professional school students in regards to reauthorization. Since Dean Ziolkowski concentrated mainly on Title IX programs, I am planning to testify mainly about the Title IV loan programs.

Because I just finished taking my Ph.D. comprehensive exam, I didn't have time to prepare a written statement, but I am included on the dean's statement, and I'll be glad to answer your questions and to prepare a more extended copy of my oral comments.

In the process of making a decision about going to graduate school, potential students face many issues and concerns. Not the least of these is how they plan to finance their education. Many potential students are married and have children or are reentering school from lucrative careers. In addition to paying for books and tuition, potential students must consider other financial obligations—rents or mortgages, child care, car payment and health insurance, to name a few. Federal financial aid programs and fellowships are sources to which many of these students turn.

I will first mention the fact that the annual Stafford Loan limit should be increased from $7,500 to $10,000. Personally, I have relied heavily on the Stafford Loan throughout my academic career. The combined amount that I have borrowed from undergraduate, master's, and 1 year of Ph.D. studies totals $27,150.

Although I was awarded a teaching assistantship at American University, it just pays my tuition. I received no stipend or benefits. My husband did not receive an assistantship. He is also in the anthropology Ph.D. program at American. The tuition at American is above the amount of the cap for the Stafford Loan, so he had to borrow the full amount, and I also had to borrow the full amount in order that we could pay his tuition.

A cap of $10,000 is a more realistic amount. With State budgetary restrictions, many universities are being hard hit and are cutting back on research and teaching assistantships, so even if you do receive an assistantship, you often have to turn to other sources of income. Many graduate students are now holding part-time jobs in addition to their assistantships and relying on loans. This is the case even more prevalently for medical and other health care professions, law school and other technical professional schools.

As a result, graduate students along with more professional students are going to be more dependent than ever on Stafford Loans and supplemental loans and the Perkins Loans.

The second recommendation that I would like to make concerns the process of determining financial need among graduate and pro-

fessional school students. The use of base year income penalizes a large portion of postbaccalaureate students who have worked for a year or more after completing their undergraduate education. Financial aid administrators have the authority to exercise professional judgment and use projected current year income when they believe it would provide a more appropriate determination of the student's expected contribution. This authority is crucial, but since the use of base year income is inappropriate for so many graduate and professional students, use of current year estimate should be the rule.

When I work in the summertime as a temporary employee, I work to support myself over the summer; I don't receive any financial support from the university. The money that I make in the summer, I use to pay my bills in the summer and put a little aside for things during the school year. So to have to count that as income to take away from the amount I can borrow penalizes me and causes a hardship.

I'd like to also talk about Dean Ziolkowski's proposal for dissertation support. I believe that someone recently testified that for the Javits Fellowship, that money had allowed him to do a more detailed and quality study than he had planned to do or would have been able to do otherwise.

As an anthropologist, I have to spend a year or two in the field. If I cannot get the kind of added dissertation support on top of my regular teaching assistantship, then I will probably have to do a dissertation here in the United States rather than going to Eastern Europe as I would like to do.

So the issues that I have brought before you today—raising the amount of the loan limit on the Stafford Loan so that students don't have to turn to market-rate programs like the HEAL program, and reevaluating the needs analysis and considering dissertation support—I would ask you to consider very strongly.

Thank you.

Senator PELL. Thank you very much indeed, Ms. Glover.

Ms. Oloroso.

Ms. OLOROSO. Good morning, Chairman Pell and members of the subcommittee. Thank you for this opportunity to speak today.

My name is Helen Oloroso, and I am currently president of the Cooperative Education Association and director of cooperative education at the University of Illinois at Chicago.

I am here to offer testimony on the subject of Title VIII of the Higher Education Act, which pertains to Federal funds for postsecondary cooperative education programs.

Represented in this testimony are the views of coop practitioners as gathered by the National Commission for Cooperative Education, the Cooperative Education Division of the American Society for Engineering Education, and the Cooperative Education Association, Incorporated. Together, these associations represent several thousand coop practitioners, both educators and employers, and over 50,000 cooperative education students currently at work in this country today.

Cooperative education is an academic program which enables college students to enter employer-paid work experience in business, industry, government and human services as part of their academ-

ic curriculum. The program gives students an opportunity to apply academic theory to real work situations, acquire career experience, enhance personal growth, and earn an income to help defray college expenses.

Begun in 1906 at the University of Cincinnati, this unique program spread slowly to other postsecondary institutions throughout the next six decades. It was perceived during that time as a highly specialized, pedagogical methodology, offered only at select schools. It was not until the Federal Government began making funds available through the Higher Education Act of 1965 that coop programs were developed to any great extent.

Who receives current funding? Over 85 percent of this program's funding supports the implementation of new cooperative education projects. These are administrative funds used to develop systems, identify job opportunities, and guide students through the cooperative education experience. As the various programs take hold, the college or university assumes a larger percentage of support. The remaining 15 percent of Federal funds spent each year are used to demonstrate innovative and improved ways of conducting cooperative education programs, develop resource centers and provide training to practitioners in strengthening and expanding their program services to students, and to conduct research vital to program performance and growth.

Given today's multicultural work force as well as economic and world conditions, cooperative education is especially beneficial to such populations as low and middle income families, minorities, immigrants, women, the disabled, first-generation college students, and veterans.

As for low and middle income families, we have been hearing this morning a great deal of testimony about the restrictions for financial aid. As these restrictions for financial aid grow, cooperative education is becoming a safety net, especially for students from middle income families, who increasingly find themselves ineligible for Federal financial aid programs and yet are priced out of a college education.

Cooperative education is open to any student regardless of financial status. Minorities, immigrants, women, the disabled, and first-generation college students have found an excellent vehicle by which to be introduced into the work force. Because these students are often difficult to reach by employers, they are not given a chance at a job until they apply as coop students with the backing of an academic institution.

This program will be especially helpful to returning veterans, who will find their student aid limited. Our students are graduate students, community college students, university students and private four-year school students.

On a broader scope, cooperative education brings unique benefits to students, the institutions, employers, and to the Federal Government.

For students, it reinforces classroom learning, instills the work ethic, develops confidence and maturity, improves career skills and awareness, and enhances postgraduate employment opportunities. Studies consistently show that coops complete more courses, semesters and degrees, with better grades, than do noncoop students.

This morning I have a student with me whom I hope you will have opportunities to ask questions of if you so desire. His name is Mauricio Velasquez. He is attending George Washington University and is an IRS personnel management specialist.

Our academic institutions benefit. Coop attracts new students to the campus, increases student graduation rates, motivates employers to invest money and expertise into the educational process, helps keep curricula current, and enables schools with limited resources to offer state-of-the-art training to students.

Employers benefit as well. It provides a cost-effective means of meeting recruiting goals, implementing affirmative action plans, training potential career employees, and gives employers an opportunity to participate in and influence the educational process. More than 60 percent of employer-student relations continue after graduation, and even in recessionary times, employers continue to hire coops in order to plan for the future.

The Federal Government benefits most of all. It provides financial assistance paid by the employers rather than the government. Money earned by the 250,000 cooperative education students, which is in excess of approximately $1.87 billion annually, reduces the pressure on the Federal financial aid programs and the amount of money that students need to borrow for educational expenses. Students pay over $225 million in income and Social Security taxes, which is more than a 1,600 percent return on the Federal investment. No program we have looked at this morning offers a return to the Federal Government like this.

[The prepared statement of Ms. Oloroso follows:]

Prepared Statement of Ms. Oloroso

Good morning, ladies and gentlemen of the Senate, and thank you for this opportunity to speak with you today. My name is Helen Oloroso, and I am currently the President of the Cooperative Education Association, and the Director of Cooperative Education at the University of Illinois at Chicago. I am here to offer testimony on the subject of Title VIII of the Higher Education Act which pertains to federal funds for post-secondary cooperative education programs. Represented in this testimony are the views of co-op practitioners as gathered by the National Commission for Cooperative Education, the Cooperative Education Division of the American Society for Engineering Education, and the Cooperative Education Association, Inc.

Cooperative education is an academic program which enables college students to enter employer-paid work experience in business, industry, government, and human services, as part of their academic curriculum. The program gives students an opportunity to apply academic theory to real work situations, acquire career experience, enhance personal growth, and earn an income to help defray college expenses.

Begun in 1906 at the University of Cincinnati, this unique program spread slowly to other post-secondary institutions throughout the next six decades. It was perceived during that time as a highly specialized pedagogical methodology, offered only at select schools. It was not until the federal government began making funds available through the Higher Education Act of 1965 that co-op programs were developed to any great extent.

Who receives current funding: Over 85 percent of this program's funding supports the implementation of new cooperative education projects. These are administrative funds used to develop systems, identify job opportunities and guide students through the cooperative education experience. As the various programs take hold, the college or university assumes a larger percentage of support. The remaining approximate 15 percent of the funds are used to:

—demonstrate innovative and improved ways of conducting cooperative education programs;
—develop resource centers and provide training to practitioners in strengthening and expanding their programs' services to students; and

—conduct research vital to program performance and growth. *Who Benefits:* Given today's multi-cultural work force, as well as economic and world conditions, cooperative education is especially beneficial to such populations as:

—*Low and middle income families:* As restrictions for financial aid grow, cooperative education is becoming a safety net, especially for students from middle income families who, increasingly, find themselves ineligible for federal financial aid programs and yet are priced out of a college education. Cooperative education is open to any student, regardless of financial status.

Minorities, immigrants and the disabled: Cooperative education has become an excellent vehicle by which to introduce minorities, women and people with disabilities into the work force. Because these students are seen by employers as high risk, they are often not given a chance at a job until they apply as co-op students with the backing of an academic institution.

—*Veterans:* It will help many new veterans pay for their college education, especially when they find themselves ineligible for financial aid. On a broader scope, cooperative education benefits:

—*Students:* It reinforces classroom learning, instills the work ethnic, develops confidence and maturity, improves career skills and awareness, and enhances post graduate employment opportunities. Studies consistently show that co-ops complete more courses, semesters, and degrees, with better grades than do non-co-op students.

—*Institutions:* It attracts new students to the campus, increases student graduation rates, motivates employers to invest money and expertise into the educational process, helps keep curricula current, and enables schools with limited resources to offer state-of-the-art training.

—*Employers:* It provides a cost effective means of meeting recruiting goals, implementing affirmative action plans, training potential career employees, and an opportunity to participate in, and influence the educational process. More than 60 percent of employer-student relationships continue after graduation.

—*Federal Government:* It provides financial assistance paid by employers rather than the government. Money earned by the 250,000+ cooperative education students, in excess of $1.87 billion annually, reduces the pressure on federal financial aid programs and the amount of money that students need to borrow for education expenses. Students pay $225+ million in income and social security taxes, which is more than a 1,600 percent return on the government's investment. No other program offers Title VIII's extraordinary rate of return. Additionally, the federal government itself hires over 14,000 coop students each year, hoping to attract bright young candidates into government service, instead of losing them to the higher salaries of industry. The Office of Personnel Management has eased the conditions under which co-ops are hired by the federal government in hopes of expanding the number hired to over 20,0000 each year.

Impact of title VIII reauthorization: The cost of effectiveness of this program, and its value to students, institutions, employers and the federal government are extraordinary. However, two thirds of the colleges and universities in the country, representing approximately 13,000,000 students, have yet to develop cooperative education programs. Particularly in light of the escalating cost of higher education, fiscal constraint in institution finances, and the burgeoning student debt and default rates, cooperative education should be available to more students. Interest in co-op has increased greatly during the past five years due, in part, to the Ad Council's national ad campaign for cooperative education. The campaign, undertaken at the request of the National Commission, has resulted in $150 million of donated advertising, and 400,000 pieces of literature distributed to students, parents, high school guidance counselors, and employers. Since the beginning of the campaign, the number of co-op students has increased by 48 percent.

In order for cooperative education to be available to more students, the federal government must continue and expand Title VIII funding to allow institutions to develop strong programs and increase outreach to traditionally underrepresented groups. In many cases, it has been the presence of federal funds that has prompted schools to invest state and local funds in the programs. Recognizing the importance of Title VIII, the Administration has included funding for Title VIII in the fiscal year 1992 budget request for the first time in more than a decade. The Congressional support which has maintained Title VIII funding since its inception is crucial to the expansion of access to this vital program.

Finally, the federal government is undeniably the leader in education. No major movement to provide equity for students across the country has or will come from the states. At a time when industry is practically demanding experience along with

a degree, it is imperative that the federal government really support the only program that closes the loop between learning at work and learning in the classroom. American competitiveness in the global market place can only be secured by making sure that all of our students successfully make the transition from school to work. It is also appropriate that federal funds continue to be allocated to co-op programs on the basis of the interstate nature of those programs. Unlike in any other academic effort, co-op students move from state to state, from home to school to work. They work for agencies and industries that are also interstate in scope and nature. It is not sufficient, nor is it justifiable, therefore to leave to local resources a program as important, with such far reaching national consequences, as cooperative education.

Senator Simon [presiding]. I don't mean to cut you off—and members are not leaving because of what you are saying; we have a vote on the floor, and I'm going to have to leave very shortly. First of all, it is great to have someone from Illinois leading in this field that is so absolutely important.

If I may just ask Ms. Glover first of all, how did you do on your exams?

Ms. GLOVER. I have to wait 2 weeks to find out. I feel okay, but we'll find out.

Senator SIMON. Now, you borrowed $27,150.

Ms. GLOVER. Correct.

Senator SIMON. How much has your husband borrowed?

Ms. GLOVER. This is his first year of graduate school; he borrowed $7,500. If he doesn't receive an assistantship for the next 4 years that he plans to be in school, we'll probably end up borrowing another $40,000.

Senator SIMON. So you will end up owing roughly $67,150. Have you calculated what you are going to have to pay back every month?

Ms. GLOVER. Probably between $400 and $500.

Senator SIMON. My guess is it is going to be more than that. I have a member of my staff who, he and his wife are paying back $1,080 a month. So the loan programs just really create problems.

Let me ask the two of you, Dean and Ms. Glover, if we were to extend the Pell Grant to graduate school, would that be of significant help? I might add, this base year thing clearly was a mistake, and we're going to correct that.

Ms. GLOVER. By all means. Any kind of grant money would be a big help, and I think people would be very appreciative of the opportunity to get a Pell Grant. My own sister has a Pell Grant for her college education, and it has helped her a lot.

Senator SIMON. Dean.

Mr. ZIOLKOWSKI. I haven't analyzed that, but I would agree that anything that helps to get money into the hands of graduate students would be a very useful move.

Senator SIMON. And if it can be done in the form of grants rather than loans——

Mr. ZIOLKOWSKI. Absolutely, absolutely.

Senator SIMON. And in fact, if we look at the cost factors and the special need we have of getting people into graduate school, if we had Pell Grants that were a little higher for graduate school, it would even make sense.

Ms. GLOVER. Right. Many graduate students have to pay their own health insurance, and they have to pay child care, so they

have a lot of added expenses that undergraduate students aren't going to have.

Senator SIMON. Ms. Oloroso, what kind of changes would you like to see in the Higher Education Act—and you're going to have to give me a two-minute answer because I am going to have to race over to the floor and make sure I get to this vote.

Ms. OLOROSO. I'm glad you asked. The cooperative education community has been working on some changes in the legislation over the last 2 years, and we have drafted a proposed bill that we would like to see sponsored by someone from this subcommittee and brought into the Higher Education Act.

Primarily what it does is increase the allocation. We're looking at a $13 million allocation presently on which the government receives an enormous return. We are asking for an increase to $45 million. We are also asking for consideration to be given to schools that have demonstrated success and have established programs, but are looking for ways to increase outreach to minorities, women, the disabled, first-generation returning students. We are dealing very, very heavily with the nontraditional, underrepresented population.

Senator SIMON. All right. We will stand in recess. Senator Pell is coming back. He left immediately when the vote started, so we will be in recess for just a few minutes.

[Short recess.]

Senator PELL. The subcommittee will come to order. I apologize for the interruption, but there was a roll call vote on the Senate floor, so we had to rush over and vote.

I was struck and wanted to ask in connection with the requirements for graduate degrees—once upon a time, to get a Ph.D., you had to know two languages besides English and have your thesis in printed form, published by some publisher. That is no longer the case, is that correct, Dr. Ziolkowski?

Mr. ZIOLKOWSKI. At many institutions it is no longer the case. Certainly, the thesis does not have to be printed at any institution of which I am aware, and language requirements are now normally by discipline and by department rather than by the institutions. Some fields have added requirements in statistics, for instance, in place of language if it is more useful. As English has become internationalized, it is the language of science.

Senator PELL. I thought Columbia University had a requirement that it had to be in print.

Mr. ZIOLKOWSKI. Not to my knowledge. The dissertations in effect all achieve printed status by being microfilmed by Michigan Microfilm Service, so every dissertation in the United States is send there for microfilming and is available through the microfilm service, but that replaces printing in most cases.

Now, a lot of people, of course, revise their dissertations and do in fact publish them as books, but not for the purpose of the doctoral degree, but subsequently.

Senator PELL. Are master's theses published in the same microfilm, or are just Ph.D.'s published in the microfilm?

Mr. Ziolkowksi. Normally, it is just the Ph.D. Some master's theses get to that point, but normally the microfilm is for Ph.D. dissertations.

Senator PELL. Then in Europe they have, if my recollection is correct, "Ph.D., S.T." for "sans thesis" or "without thesis." Is that used at all in our country?

Mr. ZIOLKOWSKI. In this country there have been a few experiments, but largely unsuccessful experiments, to create doctorates without a dissertation. A doctor of arts, for instance, was one experiment. But for the most part, the identifying feature of the Ph.D. is the dissertation. It is much more important than courses or anything else that goes into a doctoral degree. It is the demonstration of the student's ability to do independent research and to take that to a successful conclusion. So I think that is the last piece that will ever be let go—I hope.

Senator PELL. What are the figures of those who have started the Ph.D. but have not completed it—is the attrition about half?

Mr. ZIOLKOWSKI. At Princeton and Berkeley and Michigan, it is close to 40 percent, and at other institutions, it ranges 60–70 percent of attrition, that is, people who stop any time after the first week, on. Some of that we call desirable attrition because it happens, say, in the course of the first year. At Princeton, for instance, it is about 15 percent of the students who don't return from the first year to a second year, but in most cases that is the student's choice, where the student has decided that he or she really wants to go to law school or to medical school or into business, or simply that graduate education is not what the student expected. And that is also not terribly wasteful, because the student hasn't invested a lot of time and the institution hasn't invested a lot of money. It becomes wasteful really after the first and particularly after the second year. The first year is very often a period of experimentation for students.

So I would say the first 15 percent of attrition is not necessarily bad, but after that it starts becoming increasingly wasteful.

Senator PELL. Now, Ms. Oloroso, you called for an expansion or an increase, I believe, in the cooperative education program. What is the authorization figure you'd like to see?

Ms. OLOROSO. We'd like to see an authorization of approximately $45 million. Last time reauthorization went through, there was a request on the Senate side, I think, of about $50 million and on the House side of close to $90 million, and authorization was finally put in at $17 million.

We have about 150 schools a year asking for assistance, and out of those we may only be able to award 25 new grants, the Department of Education. So two-thirds of the schools are not able to offer coop programs because the Federal financial assistance is not there to get the programs going.

Senator PELL. Our current graduate assistance programs focus a great deal on recruitment, trying to get more minorities and more women in. Is there a general need for more graduate assistance for all students, or do you think those are the ones who need help the most?

Ms. GLOVER. I think there is a general need for all, especially in the arts and humanities and social sciences. With budgetary restraints, what a lot of departments are doing when they are given their allotment for assistantships is rather than supporting one student fully with a full stipend and full tuition remission, they

divide that up among two or four students, so each student gets only a partial tuition remission and a partial stipend and they are then forced to take part-time jobs or take out more loans.

Senator PELL. I thank all of you for being with us and for participating in this process. The record for this hearing will stay open for a couple weeks so that any of my colleagues who have questions to ask any of the panelists may feel free to do so. And if you have any supplementary thoughts that you wish to be included in the record, just let us know, and we will do so.

We are always particularly glad to welcome somebody from Princeton.

Mr. ZIOLKOWSKI. Thank you for having us, Senator Pell.

Senator PELL. Thank you.

[Additional statements and material submitted for the record follow:]

PREPARED STATEMENT OF THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS

Mr. Chairman and members of the Committee, thank you for the opportunity to receive testimony from the Association of Minority Health Professions Schools (AMHPS), concerning the Higher Education Act.

Our Association is comprised of 8 historically black health professions schools. They are the Meharry Medical College's Schools of Medicine and Dentistry, in Nashville, TN; the Charles R. Drew University of Medicine and Science in Los Angeles, CA; the Morehouse School of Medicine in Atlanta, GA; the Florida A&M University College of Pharmacy in Tallahassee, Fl; the Texas Southern University College of Pharmacy and Health Sciences in Houston, TX; the Xavier University of Louisiana College of Pharmacy in New Orleans, LA; and the Tuskegee University School of Veterinary Medicine in Tuskegee, AL. These institutions have trained 40% of the nation's black pharmacists, 40% of the nation's black dentists, 50% of the nation's black pharmacists, and 75% of the nation's black veterinarians. Mr. Chairman, we are very proud of the accomplishments of our institutions, especially given the significant challenges that we have overcome throughout our existence. Our schools are considered by many to be a national resource. Only recently has the federal commitment to supporting these institutions and the students who attend them become an important issue.

In addition a disproportionate share of doctorates in

Biomedical and other sciences have been awarded by these schools. For example, since 1975 over 10% of all doctorates in the Biomedical Sciences awarded to Blacks have been awarded by Meharry's School of Graduate Studies. All of the pharmacy schools with the Association are now offering the Pharm.D. degree.

The significance of institutions that have a student body that is represented by more than 50% minorities is dramatic in that data clearly show that blacks and other minorities are more likely to practice in underserved communities, more likely to care for other minorities and more likely to accept patients who are Medicaid recipients or otherwise poorer than the general population.

Mr. Chairman, the fact that blacks and other disadvantaged minorities do not enjoy the same health status as other Americans has never been a secret but these problems have not been well documented. A breakthrough in this dearth of data was the 1985 HHS Secretary's Task Force Report on Black and Minority Health. The Secretary's Task Force Report was among the first comprehensive documentation that there indeed was and is a significant health status disparity among blacks and other minorities as compared to the general population of the U.S. Among the more sobering facts revealed by the report were:

- Life expectancy of blacks is nearly 6 years less than that of whites;

- Among blacks, infant mortality occurs at a rate of almost 20 per 1,000 live births, twice that of whites;

- Blacks suffer disproportionately higher rates of cancer, cardio-vascular disease and stroke, chemical dependency, diabetes, homocide and accidents; and

- Each year almost 60,000 excess deaths occur among blacks when compared to whites.

Unfortunately since this historic report by the Secretary in 1985, things have not improved but worsened. For example, according to a recent report from the National Center for Health Statistics, Black life expectancy has decreased from 69.7 in 1984 to 69.2 in 1988! And AIDS, which was not even mentioned in the 1985 report is now a leading cause of death and disproportionately affects blacks and other minorities-minorities who constitute 24% of the population but 45% of the AIDS victims.

The Association is deeply troubled by these data and has been working since the issuance of the report to implement policy activities that address the disparities outlined in the report.

For a long time our schools have struggled against terrific odds to survive. To have a positive impact on the health status of blacks and other minorities, these institutions must thrive. The support of your committee in terms of federal resources for programs impacting our students and our institutions has had and will continue to have a significant impact. Programs supporting these schools are critical to the existence of our institutions.

In 1986 Congress reauthorized the Higher Education Act which includes the Title III program that supports historically black colleges and universities. Under Part B, Section 326 of the Act, funding was provided for five independent HBCU Professional or Graduate programs, four of which are members of AMHPS (Morehouse, Meharry, Tuskegee, and Charles R. Drew in addition to Atlanta University). The purpose of this funding is to assist graduate HBCUs in establishing and strengthening their physical plants, development offices, endowments, academic resources and students services. AMHPS institutions have used these federal funds for all of the recommended activities under the program including purchasing scientific laboratory equipment, constructing education facilities, enhancing faculty development and programs in the basic medical sciences, expanding curriculum and academic support systems and improving research capabilities and maintaining an institutional endowment.

This Graduate program is a response to a nationally recognized problem - the severe underrepresentation of blacks and other minorities in the health professions. Blacks constitute 12% of the population but less than 3% of the nation's physicians, dentists, pharmacists and veterinarians. In addition, only 1.8% of the faculty in medical schools in the nation are black and less than 3% underrepresented minorities. Thus role models are rare. There is a national concern for the health status of blacks and other minorities which is far worse than the health status for the general population. AMHPS schools, with Title III funding, successfully provide quality health education and care to the nation's underserved. Congress should be very proud of this program. It has been a tremendous success.

Among the institutions receiving support is the Morehouse School of Medicine. As a direct result of support from this section and its predecessors, Morehouse has been able to make great strides. Founded in 1975 as the first predominantly black medical school to open in the 20th Century, Morehouse was the first school to receive funding under this program (in 1982). With the assistance provided to Morehouse under Section 326, Morehouse has been able to accomplish the following:

- Significant development of faculty and programs in the basic medical sciences, and early progress toward development of

our faculty and programs in the clinical medical sciences.

- Expansion of the medical curriculum and academic support system.

- Enhancement of research capability. Morehouse's faculty has successfully competed for research grants from the NIH, NSF, and other sources.

- Established a preventive medical/public health residency program, and a family practice residency program.

- Early development of educational programs designed to prevent alcohol and drug abuse, cardiovascular diseases, AIDS, teenage pregnancy, cancer and other preventable conditions.

- Established continuing medical education programs for practicing physicians.

In addition, Morehouse graduates have a very high pass rate on the National Board of Medical Examiners exam and have received appointments in residency programs at a number of the nation's oldest and most prestigious university-affiliated hospitals. 75% of Morehouse graduates are doing post-graduate training in primary care fields and 70% of Morehouse graduates are practicing

in medically underserved inner cities and rural areas.

Section 326 is a particularly good investment for the nation. Without Section 326 funding, these accomplishments would not have occurred. All five of the existing section 326 schools have developed strong community outreach programs to improve the applicant pool. These programs extend from the Head Start program at Drew to the Summer Enrichment program for faculty at Meharry.

The Association of Minority Health Professions Schools has worked with the National Association for Equal Opportunity in Higher Education (NAFEO), the United Negro College Fund (UNCF), and the Office of the Advancement of Public Black Colleges (OAPBC), and agrees in principle with these organizations that there is a need to include additional eligible institutions in the graduate portion of Title III, Part B, Section 326 of the Higher Education Act. In fact, the support of additional funding, after maintenance of funding for the original institutions is assured, is among the top priorities of the Association. AMHPS also believes that the Higher Education Act is the appropriate mechanism for enacting such changes.

Legislation was introduced in the last Congress to add five new qualified eligible graduate and professional schools to the program. Of these five institutions - Florida A&M University

sciences program. For TSU to continue its quest for academic and research excellence, Title III funding would serve as a springboard to future financial stability. Finally, Title III funding will allow TSU to increase its enrollment. There is a documented need for more pharmacists in the State of Texas.

Mr. Chairman, thank you for the opportunity to present the views and recommendations of the Association of Minority Health Professions Schools. Also, we appreciate the support your committee has demonstrated to the problems focused upon by our Association. I would be pleased to respond to any questions you may have.

College of Pharmacy, Xavier University College of Pharmacy, the North Carolina Central University School of Law, the Southern University School of Law and the Texas Southern University College of Pharmacy or Law - three are members of our Association. AMHPS has adopted principles of participation, that state that the addition of new institutions to the program should not jeopardize the funding that exists for currently participating schools. In this way, no institution would be forced to reduce its budget or cancel obligations already incurred.

The Title III, Part B, Section 326 funding has been very effective in improving the academic quality of minority health professions schools. It is essential that the program be expanded to other eligible AMHPS schools to further enhance the quality of education at those schools as well. For example, the Texas Southern University (TSU) College of Pharmacy currently does not receive Title III funds. One of the limiting factors in expanding the pharmacy program at TSU is the lack of resources. Title III will allow the College the opportunity to establish its own development office. This will facilitate the development of the infrastructure that will be vital to raising and maintaining permanent endowment support for the program. The resources of Title III will also provide significant assistance in encouraging other extramural organizations to support the biomedical research equipment and student support needed in a competitive health

TESTIMONY ON REAUTHORIZATION OF THE HIGHER EDUCATION ACT

Submitted by the

National Accrediting Commission of Cosmetology Arts and Sciences

May 17 1991

The National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS) thanks Senator Claiborne Pell, Chairman of the Subcommittee on Education, Arts and Humanities, for the opportunity to comment on reauthorization of the Higher Education Act of 1965, as amended. As an accrediting body, NACCAS supports legislation which will

- recognize the traditional private, voluntary, peer review characteristics of accreditation and the validity of accreditation standards to measure educational quality;

- provide support for students who choose to attend accredited, private, proprietary cosmetology schools on the same basis as students attending other types of postsecondary institutions;

- promote diversity of types and independence of postsecondary educational institutions in the United States;

- be flexible enough to encourage institutions to keep postsecondary programs and services creative, innovative and highly competitive, to meet the needs of students, business and communities;

- recognize the contribution of accredited postsecondary institutions, including schools of cosmetology, to the communities in which they are located and provides a stimulus to strengthen this contribution;

- recognize the lasting impact a postsecondary educational experience has on enriching the individual, whether or not that individual is employed in the major area in which trained.

The testimony which follows addresses each of these positions. Specific proposals for amending the Higher Education Act were submitted to the House Subcommittee on Postsecondary Education on April 4. This legislative side-by-side is included with NACCAS' testimony as Attachment I. Reference is made to the specific proposals in the text of this testimony.

Standards of Quality

NACCAS supports continuing accreditation as a threshold

requirement for institutional eligibility to participate in federal financial assistance programs.

Accreditation means that a school has met national standards of educational performance which have been established by an impartial nongovernmental agency. The accrediting of schools by professional, national and regional associations of schools with similar objectives and subject content has long characterized the American educational scene. Through the years, accreditation of schools has been the most authoritative and reliable index of a school's concern for integrity toward its students and quality education.

While an accrediting agency is not part of the government, the United States Department of Education has officially recognized several agencies for the purpose of helping to establish eligibility of postsecondary institutions and/or programs to receive federal funds. The National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS) is such a nationally recognized accrediting agency under the provisions of 34 CFR 603. Since NACCAS is recognized by the Department of Education, students attending its schools may be entitled to participate in government programs of student financial aid.

A school becomes accredited by formal action of the Commission which bases such action on information submitted by the school,

interested parties such as licensing agencies and associations, and the reports of specially appointed evaluation teams. These teams conduct on-site visits to review the degree of compliance with established standards of educational quality.

The National Accrediting Commission of Cosmetology Arts and Sciences has established standards of quality covering all aspects of an institution's program of study:

- curriculum
- administrative capabilities
- student recruitment and admission
- tuition, fees and refunds
- practical experience
- instructional staff
- space and facilities
- instructional methods and materials
- student support services
- institutional effectiveness

While compliance with these standards is required of all schools before accreditation can be conferred, accreditation does not mean that all schools are the same. On the contrary, the Commission encourages innovation and creativity and provides a wide range of acceptability within the standards to accommodate these differences. Institutions are evaluated on the basis of stated

mission and objectives. No attempt is made by the Commission to determine relative excellence among accredited schools.

Schools are reevaluated at least every five years. Continuation of accreditation depends on maintenance of the established standards. If a school fails to maintain the prescribed requirements, an interval of time is allowed for it to correct its deficiencies. If these deficiencies are not remedied during this interval, accreditation is withdrawn.

Congress and the United States Department of Education seek quantitative indicators of a quality education. Since 1989, default rates have been viewed by Congress and the Department as a major indicator of educational quality and, as such, have been used to restrict institutional eligibility for participation in student financial assistance programs.

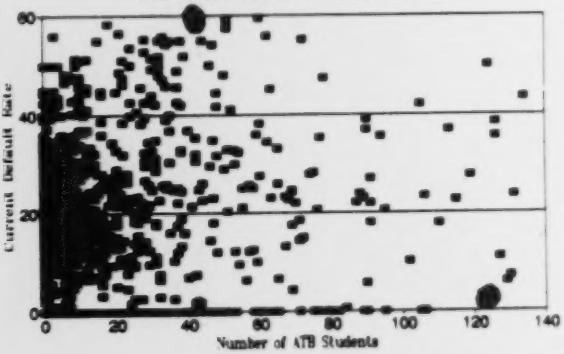
However, NACCAS opposes linking institutional or student eligibility for assistance to default rates. An analysis of total enrollment, enrollment of ability to benefit students, and completion rates in relation to default rates at over 1200 NACCAS-accredited cosmetology schools showed no statistically significant relationship between these variables. The analysis was carried out by an independent statistician based on annual reports for 1988-89 submitted by these schools. The statistician analyzed the data for correlations of

- the 1987 default rate and 1988 default rate
- number of ability-to-benefit (ATB) students to current default rate (Chart I)
- default rate to size of school (Chart II)
- graduation rate to current default rate (Chart III)

The scatter plots (Charts I, II, and III), prepared as part of this statistical analysis depict the lack of a pattern or linear relationship between default rates and these other variables. In these charts each dot represents one NACCAS-accredited cosmetology school. Some 1200 institutions are included so several dots may be superimposed.

Chart I

ATB Students and Default Rate

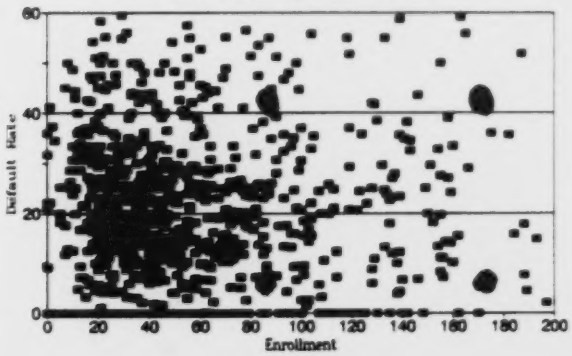


Source: Annual reports from 1200 postsecondary cosmetology institutions.
Note: Each dot represents one institution. The average ATB enrollment at schools which accept Ability-To-Benefit students is 306.

Recently a number of policy proposals and statutes have been based on the assumption that a large enrollment at an institution under ability-to-benefit (ATB) provisions leads to a high percentage of the student body defaulting on student loans. Chart I does not support such an assumption. In fact it shows there is no relationship between the number of ATB students enrolled at an institution and the percent of student defaulting on federal student loans. For instance, one institution (pink dot) has 122 ATB students and a default rate of about five percent (5%). Other institutions with about 42 ATB enrollees have between a three percent (3%) default rate (lavender dot) and a 58% default rate (yellow dot).

Chart II

Default Rate by Enrollment

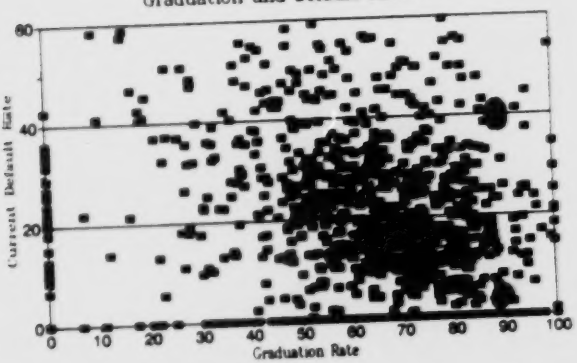


Source: Annual reports from 1200 postsecondary cosmetology institutions.
Note: Each dot represents one institution.

There is a theory that proprietary institutions with large enrollments have difficulties which lead to high default rates. Chart II shows no correlation between size of enrollment and default rates. For instance, an institution with 170 students has a default rate of about 8% (pink dot), while another institution with the same size enrollment has a default rate of 42% (yellow dot). Among institutions with half the enrollment or 85 students, there are percentages of students defaulting on student loans ranging from 8% (pink dot) to 42% (yellow dot) or higher.

Chart III

Graduation and Default Rates



Source: Annual reports from 1200 postsecondary cosmetology institutions.
Note: Each dot represents one institution.

In June 1989 the United States Department of Education issued regulations which require schools to reduce default rates by improving the completion or graduation rates of their students. The regulation is based on the assumption that students who do not complete a program do not pay back their federal loans, whereas graduates do. Chart III indicates there is no direct correlation between graduation rates and default rates. For instance, the chart shows schools with a 90% graduation rate with default rates ranging from 5% (pink dot) to 40 % (yellow dot).

Chart IV below indicates the level of correlation between several variables and the institutions' default rate.

CHART IV

	1987 Default Rate	1988 Default Rate	Number of Graduates	Number of ATB Students to Graduate
1987 Default Rate	1.0	.48	.04	-.11
1988 Default Rate	.48	1.0	.06	-.19
Number of Students Supposed to Graduate	.07	.11	.91	-.08
Number of ATB Students	.14	.20	.41	.91

Note: 1.0 = Positive Correlations -1.0 = Negative Correlation
0.0 = No Correlation

Source: Annual reports from 1200 postsecondary cosmetology institutions.
Note: Each dot represents one institution.

It may be noted from Chart IV that there is a modest correlation between the default rate of students from an institution in two consecutive years. There is a high correlation between the number of ability-to-benefit students enrolled and the number graduating. There is a high correlation between the number of students who should graduate and those who do. There is no correlation between enrollment, enrollment of ATB students or graduation and default rates.

The current statute establishes accreditation as a threshold requirement for students and institutions to participate in federal student financial assistance programs. The statute thus recognizes the role of accreditation as providing reasonable assurance of the quality of the educational institution and/or program.

The United States Department of Education has promulgated regulations for the recognition of accrediting bodies by the Secretary. These regulations initially codified procedures and requirements traditionally followed by accrediting agencies. One area of recognition focuses on educational effectiveness, including quantitative measures (34 CFR 602.17).

Though NACCAS does not support assessment of educational institutions based on one or a few quantitative measures such as default rate, completion, state licensure and placement rates, these indicators are used by NACCAS to determine whether an

institution warrants a closer look, a reevaluation.

The federal government also may use indicators, not to decertify an institution, but as a management tool to decide which institutions should undergo a program review or audit.

Specific proposed legislative language related to the use of default rates may be found in the legislative side-by-side (attachment I), sections 1078-1, and 1078-6.

Over the past several years the Department has attempted to give accrediting agencies Title IV oversight responsibilities which are not appropriate to the self-regulatory, peer review of educational institutions. One example is the proposed "Teach Out" regulations which were published in the Federal Register on June 5, 1989 (page 24129). The response to this notice of proposed rulemaking pointed to a number of difficulties with the proposed rule, so in December 1989 the Department met with representatives of accrediting agencies to discuss several unpublished proposals which would guarantee students whose schools close the opportunity to complete their program, or be "taught out." One proposal would have required accrediting agencies to have written procedures on teach outs together with an insurance or financial fund to reimburse student tuition if a "teach out" did not materialize. The final regulation, now in the clearance process at the Department, calls for accrediting agencies to have plans covering

"teach outs" and tuition refunds and/or to administer a pooled risk arrangement. Such a regulation would interfere with the objectivity of the accreditation process. It could cause an accrediting commission to pause to ask before withdrawing accreditation from a school: where can we obtain the funds to cover tuition refunds? Do we have the capability to arrange for placement of students in other institutions?

Another instance where Department action did not take into account the accreditation process is the attempt to redefine "branch campus" as of February 1990 (undated Memorandum to Recognized Accrediting Agencies and Associations, signed by Assistant Secretary Leonard L. Haynes, III). Until this letter, the Department had processed applications for eligibility and certified branch campuses to participate in student financial assistance programs if they had interim or provisional accreditation from the recognized accrediting body. With the letter, the Department no longer accepted such accreditation, without regard to the actual process whereby it was granted. After a flurry of activity to educate the Department on the procedures used to accredit branch campuses, the Department advised the accrediting bodies that the new interpretation had been rescinded.

Both examples given demonstrate how important it is that any statute or regulation give due regard to the nature of accrediting agencies as private, non-profit organizations with long-standing

by-laws and stringent due process requirements. They also are examples of the time and effort accrediting bodies must expend reacting to and ameliorating actions taken or proposed by the Department of Education. Improved understanding of accreditation and consultation during the development of proposals and regulations could lead to a more appropriate delineation of the responsibilities of the Department and accrediting bodies.

NACCAS supports the recognition of accrediting agencies by the Secretary of Education. However, NACCAS proposes that Congress establish guidelines for regulations governing the recognition of accrediting bodies by the Secretary of Education. These guidelines would assure that recognition criteria would not

1) ascribe to accrediting agencies responsibilities for federal program administration and oversight delegated to the Department by Congress;

2) establish requirements or standards unrelated to the quality of education or training offered;

3) include requirements whereby complying actions by an accrediting agency could be interpreted to be "state action"; or

4) establish different requirements for the accrediting agencies which accredit different categories of institutions or programs.

NACCAS calls for recognition requirements which:

1) establish recognition procedures including a procedure to appeal an adverse decision by the Secretary;

2) establish criteria for secretarial recognition which

a) defer to the traditional procedures of accrediting agencies as non-profit, voluntary associations for peer review;

b) recognize the importance of diversity and innovation, and variety of educational procedures in postsecondary educational programs;

3) uphold the prohibition on federal control of education and interference by the federal government in the internal affairs of accrediting bodies as provided in the Department of Education Organization Act (P.L. 96-88 Sec. 103).

Specific legislative language reflecting these proposals is found in Attachment I at Proposal 1099(a).

Access and Choice

Secretary of Education, Lamar Alexander, in testimony before the Senate Subcommittee on Education, Arts and Humanities on April 11, 1991 said, "We must ask not only 'do our students have access?' but also 'access to what?' Access to an institution that produces

mostly dropouts, not graduates, or produces graduates that are not employable in the fields for which they have been trained? Or, access to an educational program that is responsive to the needs of both students and the Nation?" [Secretary Alexander's written testimony, page 4].

NACCAS proposes that under the Higher Education Act students continue to be required to use their student financial aid dollars at an accredited institution. NACCAS supports the current statute which enables a student to choose among accredited institutions: public, private non-profit, and private tax paying institutions.

NACCAS accredited institutions produce graduates who pass state board examinations and find employment. Based on 1988-89 annual reports submitted to NACCAS by 1311 accredited cosmetology schools, the overall completion rate was over 60%. This is nearly 20 percentage points above the completion rate at private, four-year institutions, reported by the National Institute of Independent Colleges and Universities in its report Undergraduate Completion and Persistence at Four-Year colleges and Universities [1989]. The pass rate reported for graduates from NACCAS-accredited schools on state licensing examinations was around 90%. The placement in positions related to the graduates' cosmetology training was 75%.

A focus of access is to improve participation by under-

represented groups in postsecondary education. NACCAS supports federal assistance to students in accredited postsecondary programs no matter what the length of the programs are. NACCAS supports modifications of the statute to make available federal assistance for up to five (5) years of postsecondary, undergraduate study, for one or more successive programs of any length, even though they may be in different fields (see Attachment I, Sections 1070(a) and 1070(b)).

In many cases this will mean a student initially will choose a short program such as manicuring, in order to enter the workforce, then may decide to pursue a baccalaureate in management or public relations. The student's earnings from employment as a manicurist, for example, would be calculated into the family contribution and thereby reduce the amount of federal aid.

The proposed provision will encourage the many disadvantaged students who chose a short term vocational program in order to become economically independent as quickly as possible, to later pursue a baccalaureate program. Actual funding will not be affected by providing funding for a shorter course and a portion of a baccalaureate degree because the earnings of these students will be taken into account when calculating the "Family contribution", thus lowering the need for grant monies. Specific legislative language is proposed in Attachment I at Sections 1070(a) and 1070(b).

Diversity and Independence of Institutions

NACCAS requires each accredited institution to have clear educational goals and to measure student outcomes in relation to its objectives. Some schools are located in suburban areas. Others are located in inner cities or rural areas. Some draw students from the just-out-of-high-school crowd. Others cater to recent immigrants, young adults, or homemakers returning to the workforce.

The mission of each school differs. Success cannot be reduced to a single quantitative measure. A school which draws most students from among high school dropouts may be a success if 60% complete the program within 150% of normal time. A school which trains a large number of non-English speaking students may need to stress self-employment over placement.

One group of students, the ability-to-benefit (ATB) students, have been the subject of specific legislation and proposals in 1989 and 1990. In April 1991 Congress postponed implementation of ATB provisions included in the Omnibus Budget Reconciliation Act of 1990. This rapid turnaround demonstrates there is a feeling that ATB students require special attention, but that Congress is unclear as to the best way to treat them.

NACCAS supports continuing assistance for ATB students and the

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institutions which accept them. NACCAS has no objection to the Secretary of Education publishing a list of ATB tests, one of which a student must pass before becoming eligible for federal student financial assistance. However, NACCAS proposes that, from the Secretary's list, the student be required to pass a test approved by the accrediting agency as being appropriate for measuring the ability to benefit from the program offered by the accredited institution. For instance, the list of tests approved by the Secretary of Education since December 1990 includes many tests with little or no relevance to measuring the manual dexterity, communication skills, or artistry required to benefit from training in cosmetology.

The accrediting agency has the experience needed to select tests from the Secretary's list which appropriately measure the enrollee's ability to benefit from the particular program offered at the accredited institution. Specific legislative proposals may be found in Attachment I at Section 1091(d).

Flexibility

President Bush in his America 2000 Education Strategy calls for a nation of students. As employment opportunities change, technology alters skills requirements, and populations shift, educational institutions must be ready to offer the preparation that will be in demand.

Through accreditation NACCAS helps institutions to achieve and maintain high standards of a quality cosmetology education. Through accreditation institutions are encouraged to implement the most advanced practices to improve service to the public in the field of cosmetology arts and sciences and cognate areas.

Institutions need to be responsive to shifts in population, discoveries or trends in the field, the needs of business, and the demands of the community. NACCAS has established procedures which enable institutions to be responsive while upholding accreditation standards. These include procedures for branch campuses, relocation, separate classrooms, changes in courses and contracting with other institutions. NACCAS accreditation is dynamic, not static. It is continuous not terminal.

Accrediting bodies are able to react with relative speed to evaluate whether or not schools instituting changes continue to uphold accreditation standards. The Higher Education Act should recognize this role of accrediting agencies. A specific legislative proposal is found in Attachment I at Sections 1082 and 1099(a).

Community Involvement

In Winning the Brain Race, David D. Kearns and Dennis P. Doyle advocate application of business strategies to education. They

call for involvement in education by the business community.

A large number of accredited cosmetology institutions have strong ties to business in the communities in which they are located. First, as proprietary institutions, they are licensed businesses. School owners typically belong not only to national cosmetology organizations but to the local Chamber of Commerce. They are active in local economic development as well as in advancing the cosmetology industry.

Students in the typical cosmetology course develop not only their technical knowledge and artistic skill, but gain knowledge of salon management, building a clientele, retail sales and other business aspects of their chosen career.

In "Cosmetology Student - Apprenticeship Analysis: 1987-88" published in the National Beauty School Journal, November, 1989 the author notes a decrease in the number of licensed cosmetologists and states "It would seem that the cosmetology industry has an important problem to consider."

At a meeting with industry leaders in March 1991, cosmetology manufacturers, managers of large salon chains, and other industry leaders advocated strengthening the opportunities for future cosmetologists through

- a program of mentors and role models to strengthen students' motivation, and
- establishment of extra curricular projects by schools in conjunction with cosmetology businesses.

Many proprietary schools, including NACCAS accredited cosmetology schools are established in communities which are underserved by postsecondary institutions. The majority of cosmetology schools have some involvement with the communities where they are located. At a minimum they pay taxes. NACCAS requires them to form links with area salons and other employers, and to have ties to state boards of cosmetology and licensing boards. In addition, schools typically promote laboratory sessions in nursing homes, and projects for homeless individuals, or military families.

From another perspective, members of the community are involved in accreditation of cosmetology schools through election to the Board of Commissioners and participation in teams which carry out on-site evaluation visits to schools. The Board and the teams include specially trained cosmetology school owners, salon owners and educators. Strict adherence to the NACCAS Code of Ethics and the procedures for complaints against commissioners and evaluation team members provide for avoidance of conflicts of interest.

Enrichment

In comments made when the new Secretary of Education testified April 11 to the Senate Subcommittee on Education Arts and Humanities, Senator Paul Simon stated that all education enriches the individual and the community in which he or she lives. This is an important fact generally overlooked in discussions of institutions which offer programs which prepare students for employment in specific trades or occupations. NACCAS annually checks completion rates, placement rates and state licensure rates of the schools it accredits. Completion, examination and licensure are all required before a person can practice in the cosmetology profession. However, NACCAS also requires schools to incorporate practices which enrich the individual. Students are supported through counseling, adherence to satisfactory progress requirements, and appropriate instructional methods. The NACCAS-accredited institutions must design courses to develop in students desirable work habits and attitudes, pride in workmanship, personal and business ethics, customer relations, and appropriate personal grooming and dress. Individual faculty are enriched through personal development plans and continuing education, both to improve their effectiveness in the classroom and to maintain currency in the field. All of the skills gained through these educational programs serve the individual well in any employment setting.

The special growth of the individual which occurs in a cosmetology school is as important and as difficult to measure as the enrichment of a liberal arts student in a four year state institution.

Overreliance on quantitative measures is inappropriate for evaluating the quality of an educational institution. In fact, an over-emphasis on completion rates may act as a disincentive for a cosmetology school to dismiss a student who does not meet standards, who lacks the manual dexterity required, or who has made a mistake in his or her choice of career. (See Attachment I, Section 1091.)

Federal Role in Accreditation, Certification and Licensing

The federal government has a role in accreditation which is recognition of accrediting bodies as reliable authorities as to the quality of education and training offered by institutions and/or programs for purposes of establishing eligibility to receive federal funding. In order for an accrediting body to be recognized by the Secretary of the Department of Education, it must meet regulatory conditions of due process, scope, and focus on educational effectiveness set out in 34 CFR Part 602. These regulations initially codified standards and procedures previously established by accrediting agencies and developed over decades of self-regulation, peer evaluation and commitment to quality. Through accreditation procedures established over a long period of time, NACCAS evaluates entire institutions against 11 standards, over 100 criteria and published Rules, policies and related requirements. With the changes proposed by NACCAS accreditation should continue as the standard of institutional quality in reauthorization of the Higher Education Act.

BARBARA ROBERTS
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May 28, 1991

Express Letter

David V. Evans
Staff Director
Subcommittee on Education, Arts, and Humanities
Committee on Labor and Human Resources
United States Senate
648 Dirksen Office Building
Washington, D.C. 20510

Dear Mr. Evans:

Now that the Permanent Subcommittee on Investigations has confirmed our perception of "gross mismanagement, ineptitude, and neglect" in the U.S. Department of Education, hope is growing for those of us who have long urged an end to the assignment of government duties to private and self-interested accrediting associations.

This has been a tragic misconception of federal responsibility. Not only has it wasted billions of dollars, it has lured thousands of students to educational failure and a diminished sense of their own potential.

There must be ample case law showing it to be generally illegal for any unit of government to grant or deny rights or impose duties based on the action or inaction of a private, nongovernmental body. If not, common sense tells us that accreditors are not regulators, do not wish to be regulators, and in fact constitute alliances to frustrate consumer-protection regulation if they find it inconvenient. Neither law nor common sense has yet prevailed.

It is, as Senator Nunn's subcommittee wrote, "a dismal record." Now still, the Education Department virtually sponsors accreditors through a National Advisory Committee "review" that is superficial and steeply slanted to favor approval. We could report, as others did, on direct experiences that have left us with no confidence in the department. In a recent case, for example, the department staff--without consulting this office--recommended approval of an accreditor it knew we were investigating in a matter of diploma fraud.

But even if ED could "recognize" accreditors competently, the use of a non-governmental intermediary makes it impossible for government to act fairly in relation to individual schools. You cannot discipline an accreditor without hurting all of its member schools, good and bad. This fact plausibly excuses the uncritical recognition of all petitioning accreditors, and their virtually permanent tenure on the list after initial recognition.

Meanwhile, the abdication at ED has left us nearly helpless in dealing with a particular kind of interstate fraud: the school that breaks Oregon laws while maintaining good standing within a home state that will not monitor activities away from home. Such a school operates from the residences of its part-time "adjunct faculty," offering substandard instruction and making unmonitored promises to students. If we locate one such professor to issue a cease-and-desist order, three will take his place whom we do not identify until it is too late. One Ohio president, with a "catch us if you can" attitude, said we need not be concerned since he was only breaking our laws on a small scale.

That was not a trade school. It was a regionally accredited graduate school. Congress must understand that we are not just talking about NATTS, which recently accredited an Oregon school at the same time this office issued 35 conditions the school would have to satisfy to retain authorization. We are talking about regional accreditors like the Northwest Association of Schools and Colleges (NASC), which testified in court against our effort to regulate one of its members, a "university" found to meet only 3 of 22 state academic standards. At the time of its regional accreditation, that university had hired one NASC commission member as a "consultant" and threatened to sue the others individually and personally if they did not capitulate. It should be clear that no accreditor can be counted on to uphold the law, let alone enforce it.

Moreover, we are not talking about proprietaries either, although NASC and other regional accreditors now happily accept them. There is no longer a clear distinction between proprietaries and nonprofit colleges. Increasingly, we see nonprofit colleges and universities set up as front organizations for family businesses. That kind of activity does not violate the corporation laws of all states. It is done by means of a "management contract" that makes it a simple matter to skim off profits from a supposedly nonprofit college. One operator in the Northwest signed a renewable 25-year contract *with himself* to manage, as president for life, a "nonprofit" university accredited by NASC. The trustees, who have no real power, have apparently shared in the spoils.

It is evident the Education Department has never understood accreditation, does not grasp its underlying purposes, and does not know its actual results. The department has seemed to believe that self-studies and "peer" inspection can substitute for legally enforceable standards. It has seemed to believe, with a puzzling credulity, that private association members would act concertedly against their inferior and fraudulent fellow members, never fearing retaliation.

We have found (1) that accreditors recognized by the Secretary of Education need not serve any purpose actually related to educational quality and student protection; (2) that government is thus forcing schools to seek and pay for accreditation--which is not cheap--*solely to qualify for financial aid*, under patently inequitable conditions of variance in the qualifying standards, time, effort, and cost; (3) that some unaccredited schools are better educators than many accredited schools, and their students are better loan risks; and (4) that the government is leading student borrowers to believe that a federal loan guarantee means a guarantee of quality for an eligible school, a deception that often directly causes resentful unwillingness to repay the loans.

Meanwhile, the accreditors do exactly what you would predict. They get as many dues-paying members as possible on the gravy train, then take millions back for a self-perpetuation lobby. Eventually, bewildered because financially interested parties have not judged themselves severely, ED promises to look into why the accreditors failed!

The solution is simple if not easy. Certification of schools to participate in public financial assistance programs is a public responsibility, which means it should be done by agencies of government. Since education is mainly a state responsibility, certification should be done by agencies of state government.

As you know, the National Association of State Approving Agencies points out that its members constitute an existing and proven system that monitors aid to veterans by delegation of authority to the states. We are not an approving agency, but that is exactly the model we recommend, and it may be a vehicle. It comprises agencies already experienced in program audit as well as fiscal audit, with federally reimbursed enforcement of national minimum standards by the states under contract, and simultaneous administration of state laws.

The best proposal so far seems to be that presented to your subcommittee by Donald Nolan on behalf of the State Higher Education Executive Officers and the New York State Board of Regents. Nolan's description of a new state-federal partnership to assure institutional integrity, goes right to the target. The only adjustment I would suggest is one that is necessary to deal with the interstate fraud problem described above.

Thus, whatever will be the exact structure of a reformed Title IV eligibility and accountability system, the following elements are essential.

1. Congress should explicitly recognize that each state is free, indeed expected, to control every school that operates within its borders. If we are to be thorough, this would include correspondence schools. Any perceived interstate commerce problems would be removed by such a mandate.

2. Congress should explicitly delegate to the states the responsibility to determine, using national minimum standards, which schools are eligible for student aid so long as they meet home-state standards and obey the laws of all states in which they operate. Procedural guidelines, if any, should call for use of external objective standards and must not bog the states down in processing the inefficient self-congratulation studies and mutual-admiration reviews that characterize private accreditation.

3. No school should be eligible to receive federal financial aid for *any* of its students while it is violating the educational laws of any state in which it operates, regardless of how it stands in the home state.

4. No school that meets the national minimum standards and obeys state laws should be rendered ineligible for financial aid merely because it is not accredited by a private nongovernmental body.

If New York, with postsecondary regulation by far the strongest among the states, sees a need for this reform, think how important it must be to the rest of us. Your subcommittee can reshape the Higher Education Act so as to end a fiasco and make federal student assistance programs a prudent investment in our national future.

Sincerely,

David A. Young
Administrator
Academic Degrees and Program Review

c: NASAA, SHEEO, N.Y. Regents, Sen. Hatfield, Sen. Packwood

Note: If it seems appropriate, please enter this letter into the record of the subcommittee's proceedings.

Barry Russell, 2908 Pecan Drive, Temple, Texas 76502 — (817) 778-8582

May 7, 1991

Mr. David V. Evans
Majority Staff Director
Senate Subcommittee on Education,
Arts and the Humanities
United States Senate
Washington, D.C.

Dear Mr. Evans:

I read the article in the April 17th issue of the *Chronicle of Higher Education* concerning the upcoming reauthorization of the Higher Education Act. I was very interested in the comments made concerning Senator Pell's interest in financial support for those completing a doctorate. I am one in that situation and I applaud his efforts and insight .

To some, the pursuit of a doctorate seems unnecessary. Others see it as a goal for those with nothing better to do – an activity for the rich. I decided to pursue my Ph.D. for neither of these reasons. I see the need for well-trained, well-educated leaders for the future of education. I enrolled in the Community College Leadership Program at the University of Texas with a goal of completing the degree and improving education in one of the most active areas of higher education, the community college.

Taking my family out of a safe career into the life of academia was not an easy choice. We charted the course and found that we had saved enough money to complete the goal. At this point, all the course work is completed, all the written and oral exams are completed, the dissertation is not completed, but we are now out of money. Family and friends have helped a great deal but we now must return to work without completing the goal because of a lack of financial assistance. This scenario is not limited to my life, to my college, or to the University of Texas. I have talked with many other doctoral students from around the country and many talented and gifted educators and professionals fear not being able to complete the doctorate because of financial burdens.

Please continue with your efforts to provide financial assistance to graduate students. In this time of declining budgets and increasing deficits I know that it is difficult to justify supporting increasing costs, but the country's education future depends on it.

Thank you,

Barry Russell

The subcommittee stands adjourned.
[Whereupon, at 12:20 p.m., the subcommittee was adjourned.]

1292

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, MAY 23, 1991

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES, OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SD-430, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell, Simon, Kassebaum, and Jeffords.

OPENING STATEMENT OF SENATOR PELL

Senator PELL. The Subcommittee on Education, Arts and Humanities will open.

The subject of today's hearing is the reauthorization of the Higher Education Act.

We consider today a series of higher education programs that do not fall within the student aid category. While they amount to only about 5 percent of the overall Federal higher education effort, they are nonetheless important in their own right and help to ensure that postsecondary education is strong and vital.

We will hear today from a panel on title VI, international education, which is most crucial in the interdependent world of which we are a part.

We will also take a look at title III, institutional aid. The programs that make up this title have done a lot to strengthen the quality of American higher education.

Finally, we will hear testimony in three areas where what we do have a very direct impact on the quality of instruction. If we do not provide state-of-the-art facilities in areas such as science and engineering, we run the serious risk of an education that does our students and our Nation a grave injustice. If we do not have a fund for the improvement of postsecondary education, we would lose the one Federal program that supports innovation in curriculum and instruction.

We all know how much every college and university would suffer if our small but important efforts on behalf of our libraries were curtailed.

I look forward with interest to what our witnesses will offer. My understanding is that you all know the verbal presentation should be limited to 5 minutes, giving us a chance for some questions.

There are other hearings and demands on me as well, and I may have to leave at an earlier hour than I had realized.

I am very glad indeed to welcome our first panel and recognize Dr. William Mobley.

STATEMENTS OF WILLIAM H. MOBLEY, PRESIDENT, TEXAS A&M UNIVERSITY, COLLEGE STATION, TX; AND MARY ELLEN LANE, EXECUTIVE DIRECTOR, COUNCIL OF AMERICAN OVERSEAS RESEARCH CENTERS, WASHINGTON, DC

Mr. MOBLEY. Thank you, Mr. Chairman.

Mr. Chairman and members of this distinguished committee, with your permission I would like to submit my extended written remarks for the record and a very brief verbal summary.

Senator PELL. It will be inserted in the record, and I will add that we particularly welcome you as president of Texas A&M.

Mr. MOBLEY. Thank you, Senator.

I am honored to be here today to testify on title VI, particularly part B, of the Higher Education Act, and if I might begin, Mr. Chairman, by commending you for your leadership in this area as well as the Pell Grant program to provide higher education to economically disadvantaged students. As president of a large public institution of higher education, I know well the importance of Pell Grants.

I also know there is one primary way to reduce this Nation's trade imbalance in a way that does not reduce the Nation's standard of living. America must become a more productive, globally competent and internationally competitive Nation, and education is the key to that objective.

Federal support for international education will help us become more competitive in the new world economy. Since 1965, title VI programs have served our national security interest well by developing experts and expertise in critical language and international area studies.

Concerns about our ability to compete effectively in a global economy have prompted congressional support for international business education in 1980 and 1988. The direct and effective congressional response created the Center for International Business Education Program. While this program provided only $5 million in fiscal year 1991, it has had a dramatic positive effect on international business education in this Nation already.

Texas A&M University was selected by the U.S. Department of Education as one of 16 national centers for international business; those 16 centers involve 21 universities. We are providing teaching and research in the economic, political, cultural and commercial dimensions of global business.

All of the centers are proactive on their campuses in redesigning undergraduate and graduate programs to strengthen the link between business education, language, and area studies. At Texas A&M we have nicknamed our efforts "culture and commerce." We have instituted a variety of new courses, an undergraduate international business track, added outreach programs that combine political, social, linguistic, and cultural aspects of doing

business within traditional commercial concerns and traditional business education.

The 16 centers for international business education have addressed and developed aggressive programs to strengthen the global competitiveness of U.S. firms. For example, the University of Maryland, Michigan State University, BYU, Utah, and Texas A&M are sponsoring programs that focus on the proposed North American free trade agreement. Several other centers have developed working papers and other communication tools to share their research with local, regional and national business communities.

Mr. Chairman, all 16 centers are taking very seriously the congressional mandate to improve the Nation's competitiveness by reaching out to the business community. The centers are doing this in several ways, including training and educating business executives with respect to international issues and by assisting American businesses entering new international markets.

All the centers funded by this program are developing study abroad and exchange opportunities for students, which are essential for the cross-cultural communication and other aspects of developing global competence.

But increasing international awareness of our students must begin in the elementary and secondary school. Universities can help by training teachers. The Summer Assembly for Global Education, or SAGE, sponsored by the Texas A&M center, teaches elementary and secondary school teachers about the geographical, cultural, economic and political characteristics of the nations and regions most closely linked to the United States.

Private funds have been used to support this program, but they have been leveraged base on the support provided through title VI-B.

The international programs for faculty and students made possible by Federal funding have benefited universities other than the 16 centers and 21 universities. In our system, for example, our program has brought in three predominantly Hispanic institutions in the border region and one historically black institution.

Mr. Chairman, I would also like to comment on Senator Dodd's proposed legislation, the Global Education Opportunities Act. This legislation proposes a comprehensive program to improve international education at all levels.

Mr. Chairman, I submit that we have a long way to go in international education. Title VI-B is a significant positive step, and we would hope that the authorization for international business centers could be moved from $7.5 million to $12 million, as recommended by the American Council of Education.

Thank you for your time.

Senator PELL. Thank you very much. I know, incidentally, that Senator Bentsen if he had been here would liked to have introduced you, but he is tied up and asked me to extend his welcome.

Mr. MOBLEY. I saw him a little earlier this morning, and he indicated the other issue would have his attention this morning.

Senator PELL. Thank you.

[The prepared statement of Mr. Mobley follows:]

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PREPARED STATEMENT OF MR. MOBLEY

Mr. Chairman and members of this distinguished committee, I am honored to be here today to testify on title VI of the Higher Education Act—International Education Programs. Let me begin by commending you, Mr. Chairman, for the leadership you have demonstrated in the creation of the Pell Grant Program which provides access to higher education for economically disadvantaged students. As President of a public institution of higher education, I know firsthand the value of Pell grants.

IMPORTANCE OF FEDERAL INTERNATIONAL PROGRAMS

Federal support for international education has been a key component of higher education legislation. Financial support for foreign language and international studies was provided by the National Defense Education Act of 1958. Since 1965, the funding provided under title VI, part A, International and Foreign Language Studies has been vital for the training of a national cadre of competent teachers and scholars in foreign language and area studies. The National Resource Centers and Foreign Language and Area Studies Fellowships funded by part A programs have served our national security interests well by helping develop experts in these critical international areas. As with other title VI programs, the modest amount of federal funds provided induce significantly greater investment in language and area studies by the universities receiving the grants.

National security concerns—the protection of this nation's freedom and of democratic nations around the world—were a major motivating factor for providing federal aid to international education. More recently, concerns about this nation's ability to compete in a global economy have prompted Congressional support for international business education. In 1980, Congress recognized the crucial relationship between international education and international competitiveness by adding Part B, Section 611, Business and International Education Programs, to title VI legislation. International business programs throughout the nation have benefited from this provision. I personally have had the opportunity to observe its positive effects. In 1986, as Dean of the College of Business Administration at Texas A&M University, I headed a faculty team that received one of these grants. I can assure you, Mr. Chairman, that the projects made possible with these funds played a major role in the development of our international business program at Texas A&M, both for our students and for our outreach efforts to the business community.

In a further response to a changing global economy and the need to strengthen America's international competitiveness, Congress added a new provision, Section 612, to title VI, part B, in 1988—the Center for International Business Education Program. Mr. Chairman, I can once more speak favorably of this program from firsthand experience, since Texas A&M's Center for International Business Studies was selected by the U.S. Department of Education as a Center for International Business Education (CIBE). The Centers for International Business Education are intended to be national resources for teaching and research in the economic, political, cultural and commercial dimensions of global business. The concern that prompted Congress to create these Centers—the ability of American business to compete in an increasingly globalized economy—is a concern that I strongly share, Mr. Chairman, and one that I wish to briefly address.

AMERICAN COMPETITIVENESS IN THE GLOBAL ECONOMY

The decline of American competitiveness in the world economy began in the 1970's, but was not generally evident until the past decade. Japan has been the obvious successful challenger to the U.S. in a wide range of industries from automobiles to electronics, but America's ability to retain markets for products offered in the international marketplace has also been increasingly tested by Western European nations and the newly industrializing nations of East Asia. Electronics and machine tools are significant examples of affected industries. Television production in the U.S. is down to one U.S. company (Zenith) with only 2,500 employees. The semiconductor industry and machine tool industries are in retreat, and there never was or will be an American VCR industry. Troubles in such vital industries as electronics and machine tools are not to be taken lightly.

Then there is, of course, the problem of America's perennial trade deficits. Since 1980, cumulative deficits have made the U.S. the world's largest debtor nation, with external debt now exceeding $600 billion that almost certainly will reach $1 trillion in this decade. Correction will require a huge adjustment of world trade patterns, for the U.S. must eventually not only end its trade deficit but run a trade surplus in order to service its external debt in the future. I submit, Mr. Chairman, that there

is only one way to reduce this country's trade balance that does not reduce this nation's standard of living. America must become a more productive, globally competent and internationally competitive nation. Education is the key. Universities must prepare Americans for full participation in a global community and a world economy. Title VI programs are an essential element of this effort.

The Centers for International Business Education

The Center for International Business Education Program (CIBE) is a very direct and effective Congressional response to the challenges of international competitiveness. While the amount of funding provided in the 1991 fiscal year was only $5 million, the program has had a dramatic positive effect on international business education. Indeed, the CIBE Program is an excellent illustration of the value of federal support for international education. I will focus my further remarks on the activities of the new international business centers to demonstrate the positive impact of all title VI programs.

Strengthening International Education

The first mission of every university is to educate its students. Many of the Centers for International Business Education are redesigning undergraduate and graduate business programs to strengthen their international components, particularly in area studies and language. At Texas A&M, we have nicknamed our effort the "culture and commerce" approach. We have instituted a variety of new courses, an undergraduate international business track, and outreach programs that combine political, social, linguistic and cultural aspects of doing business with traditional commercial concerns.

Other centers across the nation are carrying out similar efforts. The University of Miami has created a new undergraduate program that blends international studies with international business training. The University of Pittsburgh is developing a program to integrate area studies with an MBA degree. The University of Michigan developed a model course in "Global Interdependence," which blends liberal arts and business education. The Center at the University of Texas at Austin is developing several joint programs with the area study centers on its campus. The University of Maryland and Michigan State University are redesigning the language training component of their international business programs. The University of California at Los Angeles (UCLA) now offers a 24-month International Management Program, with Spanish, Chinese, Japanese and French tracks available. New language programs that stress business facets of language competency have been developed by several of the Centers, including the University of South Carolina, Bentley College/Fletcher School of Diplomacy and Law Consortium, Columbia University, and the Memphis State University/Southern Illinois University consortium. UCLA and Memphis State/Southern Illinois have also offered conferences designed to promote business-oriented language offerings by the nation's liberal arts colleges.

Increasing Overseas Experiences for Students

CIBE funding greatly facilitates the provision of overseas experiences to students, an essential element in instilling the capacity for cross-cultural communication and other aspects of global competence. The University of Washington has created a 2-year International Management Program that includes a nine-month overseas experience. Brigham Young University and the University of Utah sent 12 student interns to work for Japanese companies and are developing internships in Korea, Mexico, China and the Soviet Union. The University of Southern California is also developing internships in Japan as part of its three-year U.S.-Japan project. All the Centers are also developing study abroad and exchange opportunities for students.

Strengthening Research and Policy Analysis on Critical Issues Affecting the U.S. Economy

The Centers have developed aggressive research programs designed to strengthen the global competitiveness of U.S. firms. This research is already being disseminated to the business community. For example, Brigham Young University and the University of Utah presented a two-day seminar on Competitiveness and Productivity. The University of Maryland, Michigan State University, BYU/Utah and Texas A&M University are sponsoring programs that focus on the proposed North American Free Trade Agreement. Bentley College and the Fletcher School presented a conference on International Business Ethics. The University of Texas at Austin is sponsoring a three-year project to develop an international trade information system for the business community. Several CIBE's, including the Universities of South Carolina, Columbia, Miami, and Pittsburgh, have developed newsletters and

working papers to disseminate their research findings to local, regional and national business communities.

Outreach to Business Community

It is also clear, Mr. Chairman, that all 16 Centers are taking very seriously the Congressional mandate to reach out to the business community in direct efforts to improve the nation's competitiveness in two ways—training and educating business executives, and assisting American businesses entering new markets.

For example, the University of Hawaii has used CIBE funding to increase its capacity as an executive training center for Pacific Asian business. Columbia University is creating a new International Executive Education Program that focuses on the challenges facing American executives in global markets. The University of Pittsburgh organized and hosted a major conference for more than 200 regional manufacturing firms on the "total quality" approach to production in the international environment. UCLA and San Diego State University held a national conference for corporate executives on the importance of international training. The University of Southern California has developed outreach programs to allow U.S. information systems professionals to better understand the global market. The University of Washington has created new programs to meet the international training needs of businesses in the Pacific Northwest.

These Centers also assist American businesses in entering new market areas. For instance, the University of South Carolina presented outreach programs exploring U.S. investment opportunities in the U.S.S.R. The University of Pittsburgh (in Hungary) and the University of Maryland (in Poland) are strengthening future U.S. business ties with Central Europe by developing international training programs designed to meet the specific needs of those countries that will offer vital markets to U.S. companies in the next decade. A seminar presented by the University of Southern California focused on the globalization of the film industry, an industry in which the U.S. has a strong competitive position internationally. A University of Maryland conference assessed international consumer protection issues, while conferences sponsored by the UCLA/San Diego State CIBE and the University of Hawaii CIBE analyzed international human resource management issues.

Linkage with state agencies is also being developed. The University of Michigan placed three MBA interns with the Michigan Department of Commerce and has been surveying the international business training needs of regional employers.

Mr. Chairman, I have presented to you activities carried out by all the federal centers. Texas A&M, along with 15 other centers, are partners in a very important national effort—improving national competitiveness. I will now share with you additional aspects of the impact of this federal program to Texas A&M University and the State of Texas.

The Impact of Federal International Education Programs

Last year, I served as chair of the Texas Higher Education Coordinating Board Advisory Committee on International Issues. In reviewing the status of international education in Texas, the Committee surveyed business executives in the state regarding their expectations of higher education institutions in developing global education. One of the recommendations that came out of that survey is that international education not be limited to specialized programs, but that a high priority should be given to the integration and infusion of international aspects into all education programs.

Title VI funding provides a means to enhance the international component of the curriculum. At Texas A&M, our "culture and commerce" programs include interdisciplinary, team-taught language courses. These courses place special emphasis on cultural and commercial dimensions of language and draw on the expertise of non-business as well as business faculty members. This collaborative approach develops innovative teaching techniques. This approach also ensures that curricular programs integrate foreign languages, international studies and business training. This title VI federal funding is supplemented by university resources to support research projects on topics affecting the U.S. and Texas economies. For example, the potential impact of a U.S.-Canada-Mexico free trade agreement on the U.S. and Texas is a critical issue. Joint research projects and seminars on the free trade agreement are being developed with other institutions and with the private sector.

Participation of Economically Disadvantaged Students and Under-Represented Ethnic Groups and Faculty Members

A major thrust of federal higher education programs is to provide access to economically disadvantaged students and under-represented ethnic groups. This should

be especially true of support for international education. Within The Texas A&M University System, there are three predominantly Hispanic institutions in the border region and one historically black institution. The international programs for faculty and students made possible by federal funding have benefited all of the universities in The Texas A&M University System. I submit, Mr. Chairman, that this kind of impact is important for the entire nation. Consider, for example, the opportunity to study abroad. According to a study of the Council on International Educational Exchange, the great majority of American students who participate in study abroad programs are white, female and majoring in liberal arts. More students from under-represented ethnic groups and disciplines, as well as all economically disadvantaged students, need to have these opportunities.

Collaboration with Elementary and Secondary Education System

Increasing the international awareness and competence of our students must begin long before they arrive at universities—in our elementary and secondary schools. Universities can assist by providing training for teachers. The Texas A&M Center for International Business Education and Research offers a teacher training program called "Summer Assembly for Global Education" (SAGE). The SAGE program educates selected elementary and secondary school teachers in Texas about the geographical, cultural, economic and political characteristics of the nations and regions most closely linked to the United States. SAGE also provides teaching materials to participants and helps them develop effective teaching techniques for international subjects. This program exposes Texas' public school teachers to a more internationally focused curriculum. The training that the teachers receive will be used throughout their careers impacting thousands of students each year. No federal funds have been used to support this program, although it is an integral part of the external outreach program of Texas A&M's federally-funded Center.

This type of program, targeted to public school teachers, is one area where federal funds could be used as leverage to generate more support from private sources.

Federal Support for Study Abroad Programs

Mr. Chairman, I would also like to comment on Senator Dodd's proposed legislation, the Global Education Opportunities Act (S. 511). I support the inclusion of this new initiative in the Reauthorization of the Higher Education Act. This legislation proposes a comprehensive program to improve international education at all levels, including major steps to increase American students' access to study abroad opportunities. Title VI currently does not provide support for undergraduate study abroad.

Senator Dodd's proposal would increase access to international education at a relatively low cost. Since the legislation involves increasing access to of current financial aid programs, this proposal would require minimal new federal funds.

I support this approach because it would:

—clarify ambiguities in federal financial aid program policies and guidelines regarding the use of financial aid and the availability of funds for approved study abroad;
—provide needed flexibility for campus financial aid administrators to package financial aid to recognize the increased cost of overseas study;
—require that students be informed that financial aid can generally be applied to approved study abroad programs; and
—expand the role of the federal government in study abroad through grants to institutions where none exist and for students from under-represented ethnic groups and disciplines and in non-traditional locations.

We have recently initiated a program at Texas A&M in which the Former Students Association provides some financial assistance for study abroad to qualified economically disadvantaged students and students from under-represented ethnic groups. This program has been useful in moving toward increasing the participation of these students. But these students also need greater access to federal financial aid, especially through modifying federal student financial aid programs to allow flexibility of disbursements for study abroad participants.

Conclusion and Recommendations

Mr. Chairman, title VI international programs have a proven record of generating international expertise in our higher education system. The CIBE program is a good example of using of federal funds to support state efforts to increase international education opportunities to all students. We hope to see not only the continu-

ation of all the title VI programs, but also the increase of funding levels both in authorizations and appropriations. Specifically, I support the American Council of Education's (ACE) recommendation for an increase in the authorized funding level for all title VI programs beginning in fiscal year 1992.

Current authorization for Title VI, Part B, Section 612 (international business education centers) is at $7.5 million. I concur with the ACE recommendations to increase the authorization level to $12 million beginning in fiscal year 1992. Furthermore, I support an increase in authorization level for Title VI, Part B, Section 611 (international business education programs) from $5 million to $7.5 million. Such an increase would enable other institutions to begin the process of increasing international education activities on their campuses.

Mr. Chairman, federal support for new international initiatives such as the outreach programs with public schools like our SAGE, and programs to increase participation by under-represented ethnic groups and financially disadvantaged students in study abroad, are areas that may warrant your committee's consideration during its deliberations regarding title VI reauthorization. Federal funds could be used as a match to augment state funds and private resources to develop new international education programs.

John Brademas, in his recent article, "Who Needs International Education," argues persuasively that as a nation of immigrants and as the most powerful democracy in the world, the United States has special obligations and responsibilities that affect not only our domestic economic self-interests, but the destiny of the entire world. As such, he asserts that we have a compelling obligation to learn more about the culture and economies of other nations. I share that view, Mr. Chairman. Higher education must be on center stage in this learning process.

Mr. Chairman and members of the committee, I submit to you we still have a long way to go. However, with the guidance and support of this committee, I believe we can reach our goal for preparing an internationally aware citizenry.

Mr. Chairman, thank you for the opportunity to share my views with this important committee.

Senator PELL. Dr. Lane is executive director of the Council of American Overseas Research Centers, based out of the Smithsonian, as I understand it. Welcome.

Ms. LANE. Mr. Chairman, thank you for the opportunity to appear before you today to discuss the programs authorized by title VI of the Higher Education Act.

I am Mary Ellen Lane, executive director of the Council of American Overseas Research Centers, known as CAORC. CAORC is the federally-funded coordinating council for recognized American overseas research centers and a mechanism through which new centers are created. CAORC is supported through and located at the Smithsonian institutions.

The 14 research centers we represent function as overseas extensions of 529 U.S. universities, colleges, seminaries, museums, research institutes and associations in countries in the Mediterranean, Middle East, Africa and South Asia.

We believe title VI has been a success. We welcome this committee's review of the programs in the title, and we urge you to increase the authorized funding levels and expand the universe of eligible recipients.

The objectives of the Higher Education Act have broadened significantly since the National Defense Education Act was introduced in 1958. International education has become a useful component of U.S. foreign policy, not only giving Americans important knowledge about other countries, but also demonstrating to the countries studied the respect the United States has for their historical and current achievements.

Examples from the recent history of the Middle East show how intellectual institutions transcend foreign policy differences. In

1967, when Egypt severed diplomatic ties with the United States, the American University in Cairo and the American Research Center in Egypt were not closed. During the Gulf War, the American Institute of Maghreb Studies in Tunis, and the Albright Institute of Archaeological Research in Jerusalem remained open, although other foreign institutes and agencies in both cities closed down.

We are grateful for the opportunity to make two general recommendations as you approach reauthorization. No. 1, more overall funding is needed to maintain and expand the interrelated network of successful title VI programs.

For the current fiscal year, Congress appropriated $40 million for the programs under title VI. The entire budget for the Department of Education totalled $27 billion. We fully acknowledge that all the programs in the department are underfunded, but we believe that the title VI programs, which are particularly Federal in nature, deserve more than .14 percent of the department's budget. If the Federal Government will not fund this important mission, there are few alternative sources of revenue.

Lack of funding confronts the Congress and the Department of Education with unwinnable choices. No one should be in the Solomonic position of choosing which is more important, creating experts on important geographic regions or raising general citizen awareness in international affairs; supporting language and area studies or internationalizing professional schools and departments; introducing undergraduate programs or providing specialists overseas opportunities to use their training; continuing to support universities or helping internationalize community college curricula. All of these missions are crucial. All need support.

Second, eligibility needs to be expanded to include parallel initiatives which support the title VI mandate. Many structures are organized and functioning and need only some additional funding to be more effective. Study abroad programs are one example. Most American undergraduates who study in other countries go to Western Europe. Many colleges and universities already have the internal networks which support study abroad. With additional funding, including incentives, many more students, notably the less economically privileged, could study abroad and would be encouraged to choose Abidjan over Paris, and Ulaan Bator or Sofia over Oxford, thus enlarging the pool of prospective experts on other areas of the world. We support the provisions of the Global Education Opportunities Act.

We urge you to follow the proposals of the Inter-Association Task Force and specifically to authorize overseas research centers to apply, on a competitive basis, for title VI funds.

We already have permanent premises established in Italy, Greece, Turkey, Cyprus, Iran, Israel, Tunisia, Morocco, Egypt, Jordan, Senegal, Yemen, India, and Pakistan and have established lasting relationships with host country officials and institutions.

We add practical experience to title VI U.S.-based training. By the addition of this logical overseas complement, you will have dramatically increased the capacity of title VI to serve the needs of faculty, students, diplomats and business people worldwide.

Thank you.

Senator PELL. Thank you very much indeed for being with us.
[The prepared statement of Ms. Lane (with attachments) follows:]

PREPARED STATEMENT OF MS. LANE

Mr. Chairman, thank you for the opportunity to appear before you today to discuss the programs authorized by title VI of the Higher Education Act. I am Mary Ellen Lane, Executive Director of the Council of American Overseas Research Centers, known as CAORC. CAORC is the federally funded coordinating council for recognized American overseas research centers and a mechanism through whose assistance new centers are created. CAORC is supported through and located at the Smithsonian Institution. The research centers we represent function as overseas arm for 529 U.S. universities, colleges, seminaries, museums, and research institutes and associations in 14 countries in the Mediterranean, Middle East, Africa, and South Asia.

Although overseas research centers have had very limited participation in title VI funding, we have extensive contacts with the various program grantees. We believe title VI, even given its serious funding shortfalls and expanding demands, has been a success. We welcome this Committee's review of the programs in the Title. We urge you to increase the authorized funding levels, improve program coordination' and expand the universe of eligible recipients.

The history of title VI reveals the expanding priorities of the federal government toward education about other parts of the world. The National Defense Education Act was introduced in 1958 for the specific purpose of producing sufficient specialists in foreign languages and area studies to meet the national defense needs of the United States. New purposes were subsequently introduced into the Higher Education Act, including assisting universities in improving overall effectiveness in international arenas and expanding the traditional definition of area studies to include examination of global issues beyond geographic bounds. Support for the internationalization of professional fields was mandated. The objectives were broadened further to include increasing the public awareness of international issues.

Moving into the 1990s, American international education and research must confront new challenges and opportunities. It is already a cliche to say that we are beyond the Cold War, but it is undeniable that the U.S. cultural, economic, and political models have won the war of ideas with the communist world, due in no small part to international education and exchanges. yet, our continued world leadership is dependent on greater understanding of other cultures. International education and research is designed to fill these needs.

International education has become a useful component of U.S. foreign policy, not only giving Americans important knowledge about other countries, but also demonstrating to the countries studied the respect the United States has for their historical and current achievements. Examples from the recent history of the Middle East show how intellectual institutions transcend foreign policy differences. In 1967, when Egypt severed diplomatic ties with the United States, the American University in Cairo and the American Research Center in Egypt were not closed. The American Institute of Iranian Studies was the last U.S. organization to close in Teheran; its library remained open and in use until an Iranian government truck backed up to the front door and all the books we removed. During the Gulf War, the American Institute of Maghreb Studies in Tunis and the Albright Institute of Archaeological Research located in East Jerusalem remained open, although other foreign institutes and agencies in both cities closed down and their staffs departed.

We are grateful for the opportunity to make three general recommendations as you approach reauthorization.

1. More overall funding is needed to maintain and expand the interrelated network of successful title VI programs. For the current fiscal year, Congress appropriated $40 million for the programs under title VI. The total budget for the Department of Education totalled $24.6 billion. We fully acknowledge that all the programs in the Department are underfunded, but we believe that the title VI programs—which are particularly federal in nature—deserve more than .0014 percent of the Department's budget. If the federal government will not fund this important mission, there are few alternative sources of revenue.

Lack of funding is forcing worthwhile programs to go unfunded even as the Congress and the Department are faced with unwinnable choices. No one should be in the Solomonic position of choosing which is more important: creating experts on important geographic regions or raising general citizen awareness in international affairs; supporting language and area studies or internationalizing professional

schools and departments; introducing undergraduate programs or providing specialists overseas opportunities to use their training; continuing to support universities or helping internationalize community college curricula. All of these missions are crucial. All need support.

CAORC can attest to the success of many of the National Resource Centers (NRC's and Foreign Language Area Studies Fellowships (FLAS) dealing with the Middle East, South Asia, and Africa, because we provide opportunities for faculty and graduate students to put their language and area studies training to practical use. A significant proportion of the fellowships we offer are won by title VI-trained scholars. Without FLAS, many NRC's would be forced to close.

Existing programs are an excellent example of the "Multiplier Factor." Because core funding from title VI will make possible an intensive language seminar at the American Institute of Indian Studies in Delhi this summer, not only Title-VI-supported students but also several from other universities with private funding will benefit. Please continue and expand these successful programs.

2. Coordination is needed between international education in a domestic and in a foreign setting. We are currently in a somewhat schizophrenic situation in which the Department of Education supports international programs from "over here" and the United States Information Agency supports exchanges from "over there." Both the Bureau of Education and Cultural Affairs at USIA and the Center for International Education at the Department of Education do an excellent job overseeing their programs. Were these efforts coordinated, their effects would be broadened. The Task Force on International Education and the Liaison Group have recommended incorporating into the Higher Education Act those provisions from Fulbright-Hays governing the Department's overseas programs (ie sec. 102(b) (6)). Such a move would contribute to greater coordination and effectiveness.

3. Eligibility needs to be expanded to include parallel initiatives which support the title VI mandate. Many structures are organized and functioning and need only some additional funding to be more effective. Study abroad programs are one example. Most American undergraduates who study in other countries go to Western Europe. Many colleges and universities already have the internal networks which support study abroad; with additional funding, including incentives, many more students, notably the less economically privileged, could study abroad and would be encouraged to choose Abidjan over Paris, and Ulaan Bator or Sofia over Oxford, thus enlarging the pool of prospective experts on other areas of the world.

Specifically, we request the opportunity for overseas research centers to apply, on a competitive basis, for money for operations. We already have permanent premises established in Italy, Greece, Turkey, Cyprus, Iran, Israel, Tunisia, Morocco, Egypt, Jordan, Senegal, Yemen, India, and Pakistan. We have established lasting relationships with host-country officials and institutions, and run reciprocal programs from which American and host-country scholars receive lasting benefit. We are already a significant partner of title VI. Professor Richard Lariviere, Director of the Center for Asian' Studies at the University of Texas, has informed me that for every dollar spent on memberships in the American Institute of Indian Studies, Asian Studies NRC's have received an average of seven times that much in fellowships for students and faculty.

USIA and other sources currently assist us with program funds, but it is difficult to find operations support. Yet, one center with a small administrative staff can serve many researchers and students, each funded individually with self-generated program funds. We call upon the federal government to provide this core assistance. With some additional funding, overseas research centers could greatly improve effectiveness.

Since 1958, Congress has understood the need for federal involvement in international education. Each of the components of title VI is equally important, but unless substantial additional funding accompanies this reauthorization, and eligibility is expanded, key successful programs will suffer due to lack of critical support. International education must be a component of the New World Order to guarantee that the New Order is based on understanding, research, and learning.

Thank you. I would be pleased to answer any questions from Members of the Committee.

Council of American Overseas Research Centers

Institutional Memberships in CAORC-Affiliated Centers organized by City and State

Alabama

Birmingham	University of Alabama at Birmingham	*American School of Oriental Research*
Birmingham	Samford University	*American Schools of Oriental Research*

Arizona

Phoenix	Southwestern Baptist Theological Seminary	*American Schools of Oriental Research*
Tucson	University of Arizona	*American Institute of Indian Studies* *American Institute of Iranian Studies* *American Pakistan Research Organization* *American Research Center in Egypt* *American Research Institute in Turkey* *American Schools of Oriental Research*
Tucson	Middle East Studies Association	*American Institute for Maghrib Studies*

Arkansas

Conway	Central Baptist Theological Seminary	*American Schools of Oriental Research*
Fayetteville	University of Arkansas	*American Academy in Rome* *American Institute of Indian Studies*
State University	Arkansas State University	*American Institute of Pakistan Studies*
Walnut Ridge	Southern Baptist Theological Seminary	*American Schools of Oriental Research*

California

Berkeley	American Baptist Seminary/West	*American Schools of Oriental Research*
Berkeley	Jesuit School of Theology	*American Schools of Oriental Research*
Berkeley	Pacific School of Religion	*American Schools of Oriental Research*
Berkeley	University of California	*American Academy in Rome*

		American Institute for Maghrib Studies *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Institute of Iranian Studies* *American Pakistan Research Organization* *American Research Center in Egypt* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research* *Universities Service Centre*
Claremont	Claremont Graduate School	*American Research Center in Egypt* *American Schools of Oriental Research*
Claremont	Pitzer College	*American School of Classical Studies at Athens*
Claremont	Pomona College	*American School of Classical Studies at Athens*
Claremont	Scripps College	*American School of Classical Studies at Athens*
Costa Mesa	Southern California College	*American Schools of Oriental Research*
Davis	University of California	*American Institute of Indian Studies*
Hayward	California State University	*American Institute of Indian Studies* *American Schools of Oriental Research*
Irvine	University of California	*American Institute of Indian Studies*
Loma Linda	Loma Linda University	*American Schools of Oriental Research*
Los Angeles	University of California	*American Academy in Rome* *American Institute for Maghrib Studies* *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Institute of Iranian Studies* *American Institute of Pakistan Studies* *American Institute of Pakistan Studies* *American Research Center in Egypt* *American School of Classical Studies at Athens* *American Schools of Oriental Research* *West African Research Association*
Los Angeles	University of Southern California	*American Academy in Rome* *American School of Classical Studies at Athens* *American Institute for Maghrib Studies*
Los Angeles	Loyola-Marymount University	*American Academy in Rome* *American Institute of Indian Studies*
Los Angeles	University of Judaism	*American Schools of Oriental Research*
Malibu	Pepperdine University	*American Schools of Oriental Research*
Palo Alto	Stanford University	*American Academy in Rome*

		American School of Classical Studies at Athens
Riverside	University of California	*American Institute of Indian Studies*
San Diego	University of California	*Universities Service Centre*
San Francisco	Golden Gate Baptist Theological Seminary	*American Schools of Oriental Research*
San Jose	San Jose State University	*American School of Classical Studies at Athens*
Santa Barbara	University of California	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
Tujunga	Intern'l Inst./Mesopotamia Area Studies	*American Schools of Oriental Research*

Colorado

Boulder	University of Colorado	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
Denver	Iliff School of Theology	*American Schools of Oriental Research*

Connecticut

Hartford	Trinity College	*American Academy in Rome* *American School of Classical Studies at Athens*
Middletown	Wesleyan University	*American School of Classical Studies at Athens* *Universities Service Centre*
New Haven	Yale University	*American Academy in Rome* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
New London	Connecticut College	*American Academy in Rome* *American School of Classical Studies at Athens*
Storrs	University of Connecticut	*American Institute of Indian Studies* *American Research Center in Egypt* *American Schools of Oriental Research*

Delaware

Newark	University of Delaware	*American Academy in Rome* *American Research Center in Egypt*

District of Columbia

American University	*American Institute of Indian Studies*
Catholic University of America	*American Academy in Rome* *American Schools of Oriental Research*
Georgetown University	*American Academy in Rome* *American Institute of Yemeni Studies* *American School of Classical Studies at Athens*
George Washington University	*American School of Classical Studies at Athens*
Howard University	*American Academy in Rome* *American Institute of Pakistan Studies*
The Paul H. Nitze School of Advanced International Studies—Johns Hopkins University	*American Institute for Maghrib Studies* *West African Research Association*
Smithsonian Institution	*all CAORC Centers*
Wesley Theological Seminary	*American Schools of Oriental Research*

Florida

Gainesville	University of Florida	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
Tampa	University of South Florida	*American Academy in Rome* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Tallahassee	Florida State University	*American Academy in Rome* *American School of Classical Studies at Athens*
St. Petersburg	Eckerd College	*American School of Classical Studies at Athens*

Georgia

Athens	University of Georgia	*American Academy in Rome* *American School of Classical Studies at Athens*
Atlanta	Emory University	*American Academy in Rome* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Atlanta	Morehouse College	*West African Research Association*
Atlanta	Spelman College	*West African Research Association*
Decatur	Agnes Scott College	*American Academy in Rome*

Statesboro	Georgia Southern College	*American Institute of Pakistan Studies*

Hawaii

Manoa	University of Hawaii at Manoa	*American Institute of Indian Studies* *Universities Service Centre*

Illinois

Aurora	Aurora College	*American Schools of Oriental Research*
Chicago	University of Chicago	*American Academy in Rome* *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Institute of Iranian Studies* *American Pakistan Research Organization* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Chicago	Loyola University	*American Research Institute in Turkey* *American School of Classical Studies at Athens*
Chicago	Lutheran School of Theology	*American Schools of Oriental Research*
Chicago	University of Illinois at Chicago Circle	*American School of Classical Studies at Athens*
Chicago	Northeastern Illinois University	*American Institute of Pakistan Studies*
De Kalb	Northern Illinois University	*American Institute of Yemeni Studies*
Evanston	Garrett Evangelical Theological Seminary	*American Schools of Oriental Research*
Evanston	Northwestern University	*American Academy in Rome* *American School of Classical Studies at Athens*
Lombard	Northern Baptist Theological Seminary	*American Schools of Oriental Research*
Monmouth	Monmouth College	*American Institute of Pakistan Studies*
Urbana	University of Illinois	*American Academy in Rome* *American Institute of Indian Studies* *American Institute of Iranian Studies* *American Institute of Pakistan Studies* *American Research Center in Egypt* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*

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Indiana

Anderson	Anderson College	*American Schools of Oriental Research*
Bloomington	Indiana University	*American Academy in Rome* *American Research Institute in Turkey* *American School of Classical Studies at Athens*
Crawfordsville	Wabash College	*American School of Classical Studies at Athens*
Elkhart	Associated Mennonite Bib. Seminary	*American Schools of Oriental Research*
Fort Wayne	Concordia Theological Seminary	*American Schools of Oriental Research*
Indianapolis	Christian Theological Seminary	*American Schools of Oriental Research*
Indianapolis	Indiana University-Purdue University at Indianapolis	*American School of Classical Studies at Athens*
Muncie	Ball State University	*American School of Classical Studies at Athens*
South Bend	University of Notre Dame	*American Schools of Oriental Research*
Valpraiso	Valpraiso University	*American Schools of Oriental Research*
Winona Lake	Grace Theological Seminary	*American Schools of Oriental Research*

Iowa

Cedar Falls	University of Northern Iowa	*American Institute of Indian Studies*
Decorah	Luther College	*American Schools of Oriental Research*
Grinnell	Grinnell College	*American School of Classical Studies at Athens*
Iowa City	University of Iowa	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
Mount Vernon	Cornell College	*American Schools of Oriental Research*
Waverly	Wartburg Theological Seminary	*American Schools of Oriental Research*

Kansas

Lawrence	University of Kansas	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Manhattan	Kansas State University	*American Institute of Indian Studies*

Kentucky

Berea	Berea College	*American School of Classical Studies at Athens*
Lexington	University of Kentucky	*American Academy in Rome* *American School of Classical Studies at Athens*
Louisville	Louisville Presbyterian Seminary	*American Schools of Oriental Research*
Wilmore	Asbury Theological Seminary	*American Schools of Oriental Research*

Louisiana

Baton Rouge	Louisiana State University	*American School of Classical Studies at Athens*
New Orleans	Tulane University	*American Academy in Rome* *American School of Classical Studies at Athens*

Maine

Fort Kent	University of Maine	*American Institute for Maghrib Studies*
Waterville	Colby College	*American Institute of Indian Studies*

Maryland

Baltimore	Baltimore Hebrew University	*American Schools of Oriental Research*
Baltimore	Johns Hopkins University	*American Academy in Rome* *American Research Center in Egypt* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Baltimore	St. Mary's Seminary and University	*American Schools of Oriental Research*
Catonsville	University of Maryland Baltimore County	*American Academy in Rome* *American School of Classical Studies at Athens*
College Park	University of Maryland	*American Academy in Rome* *American Institute of Indian Studies* *American Research Center in Egypt* *American School of Classical Studies at Athens*
Lees-Summit	Unity School of Christianity	*American Schools of Oriental Research*

Massachusetts

Amherst	Amherst College	*American Academy in Rome* *American Institute of Indian Studies*

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		American School of Classical Studies at Athens
Amherst	University of Massachusetts	American Academy in Rome American School of Classical Studies at Athens
Boston	Boston College	American School of Classical Studies at Athens American Schools of Oriental Research
Boston	Boston University	American Academy in Rome American Institute of Yemeni Studies American Institute of Indian Studies American School of Classical Studies at Athens American Schools of Oriental Research
Boston	Endowment for Biblical Research	American Schools of Oriental Research
Boston	Northeastern University	American Institute of Pakistan Studies
Brighton	St. John's Seminary	American Schools of Oriental Research
Cambridge	Harvard University (the School of Divinity, the Fogg Art Museum, the Semitic Museum, & the Peabody Museum each maintain separate memberships in the American Schools of Oriental Research)	American Academy in Rome American Institute of Yemeni Studies American Institute of Indian Studies American Research Center in Egypt American Research Institute in Turkey American School of Classical Studies at Athens American Schools of Oriental Research Universities Service Centre
Cambridge	Aga Khan Program (Massachusetts Institute of Technology)	American Institute for Maghrib Studies
Cambridge	Massachusetts Institute of Technology	American Institute of Pakistan Studies
Cambridge	Radcliffe College	American School of Classical Studies at Athens
Cambridge	Weston School of Theology	American Schools of Oriental Research
Medford	Tufts University	American School of Classical Studies at Athens American Schools of Oriental Research
Northhampton	Smith College	American Academy in Rome American School of Classical Studies at Athens American Schools of Oriental Research
Norton	Wheaton College	American Schools of Oriental Research
South Hadley	Mount Holyoke College	American Academy in Rome American School of Classical Studies at Athens American Schools of Oriental Research
Waltham	Brandeis University	American Academy in Rome American Institute of Indian Studies American School of Classical Studies at Athens American Schools of Oriental Research

Worcester	Clark University	*American School of Classical Studies at Athens*
Worcester	College of the Holy Cross	*American Academy in Rome* *American School of Classical Studies at Athens* *Universities Service Centre*

Michigan

		Universities Service Centre
Ann Arbor	University of Michigan	*American Academy in Rome* *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Research Center in Egypt* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Berrien Springs	Andrews University	*American Schools of Oriental Research*
Detroit	Wayne State University	*American Research Center in Egypt*
East Lansing	Michigan State University	*American Academy in Rome* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *West African Research Association*
Grand Rapids	Calvin College and Seminary	*American Schools of Oriental Research*
Holland	Hope College	*American School of Classical Studies at Athens*
Holland	Western Theological Seminary	*American Schools of Oriental Research*
Kalamazoo	Western Michigan University	*American Institute of Pakistan Studies*
Rochester	Oakland University	*American Institute of Indian Studies*

Minnesota

Collegeville	St. John's University	*American Schools of Oriental Research*
Minneapolis	University of Minnesota	*American Academy in Rome* *American Institute of Indian Studies* *American Research Center in Egypt* *American School of Classical Studies at Athens*
Northfield	Carleton College	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
St. Paul	Luther Northwestern Seminary	*American Schools of Oriental Research*
St. Paul	Macalester College	*American Academy in Rome*

1992

		American School of Classical Studies at Athens
St. Peter	Gustavus-Adolphus College	*American School of Classical Studies at Athens*

Mississippi

Laurel	Southeastern Baptist Theological Seminary	*American Schools of Oriental Research*
Mississippi State	Cobb Institute of Archaeology	*American Schools of Oriental Research*
Tougaloo	Tougaloo College	*West African Research Association*
University	University of Mississippi	*American Academy in Rome* *American School of Classical Studies at Athens*

Missouri

Columbia	University of Missouri	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Kansas City	St. Paul School of Theology	*American Schools of Oriental Research*
St. Louis	Washington University	*American Research Institute in Turkey* *American School of Classical Studies at Athens*
Springfield	Southwest Missouri State University	*American Research Center in Egypt* *American Schools of Oriental Research*

Montana

Bozeman	Montana State University	*American School of Classical Studies at Athens*
Missoula	University of Montana	*American Schools of Oriental Research*

New Hampshire

Hanover	Dartmouth College	*American Academy in Rome* *American School of Classical Studies at Athens* *American Institute for Maghrib Studies*

New Jersey

East Orange	Upsala College	*American Schools of Oriental Research*
Madison	Drew University	*American Schools of Oriental Research*
New Brunswick	Rutgers University	*American Academy in Rome*

		American Institute of Indian Studies *American Research Institute in Turkey* *American School of Classical Studies at Athens*
Princeton	Princeton University	*American Academy in Rome* *American Institute for Maghrib Studies* *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Institute of Iranian Studies* *American Research Center in Egypt* *American Research Institute in Turkey* *Universities Service Centre*
Princeton	Princeton Theological Seminary	*American School of Classical Studies at Athens* *American Schools of Oriental Research*

New Mexico

La Cruces	New Mexico University	*American Institute of Yemeni Studies*

New York

Annandale on the Hudson	Bard College	*American School of Classical Studies at Athens* *American Schools of Oriental Research*
Binghamton	State University of New York	*American Schools of Oriental Research*
Brockport	State University of New York	*American Institute of Pakistan Studies*
Brooklyn	The Brooklyn Museum	*American Research Center in Egypt* *American School of Oriental Research*
Buffalo	State University of New York	*American Academy in Rome* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Clinton	Hamilton College	*American Institute of Pakistan Studies* *American School of Classical Studies at Athens*
Geneva	Hobart and Wm. Smith College	*American Schools of Oriental Research*
Hamilton	Colgate University	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
Hamilton	Colgate-Rochester Divinity School	*American Schools of Oriental Research*
Ithaca	Cornell University	*American Academy in Rome* *American Institute of Indian Studies* *American School of Classical Studies at Athens*
Moorhead	Concordia College	*American Schools of Oriental Research*

New York City	Barnard College	*American Academy in Rome* *American School of Classical Studies at Athens*
New York City	Columbia University	*American Academy in Rome* *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Institute of Iranian Studies* *American Research Center in Egypt* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
New York City	City University of New York	*American School of Classical Studies at Athens*
New York City	Fordham University	*American Academy in Rome* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
New York City	General Theological Seminary	*American Schools of Oriental Research*
New York City	Herbert H. Lehman College	*American Academy in Rome*
New York City	Hunter College	*American Academy in Rome* *American School of Classical Studies at Athens*
New York City	The Metropolitan Museum of Art	*American Research Center in Egypt* *American Research Institute in Turkey*
New York City	New York University	*American Institute of Indian Studies* *American Institute of Iranian Studies* *American Institute for Maghrib Studies* *American Research Center in Egypt* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
New York City	New York University of Fine Arts	*American Academy in Rome*
New York City	Union Theological Seminary	*American Schools of Oriental Research*
Poughkeepsie	Vassar College	*American Academy in Rome* *American School of Classical Studies at Athens*
Rochester	Rochester Institute of Technology	*American Schools of Oriental Research*
Rochester	University of Rochester	*American Institute of Indian Studies*
Rochester	St. John Fisher College	*American Schools of Oriental Research*
Stony Brook	State University of New York	*American Schools of Oriental Research*
Syracuse	Le Moyne College	*American Schools of Oriental Research*
Syracuse	Syracuse University	*American Institute of Indian Studies*

North Carolina

Chapel Hill	University of North Carolina	*American Academy in Rome* *American Institute of Yemeni Studies* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Davidson	Davidson College	*American School of Classical Studies at Athens*
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Greensboro	University of North Carolina	*American School of Classical Studies at Athens*
Raleigh	North Carolina State University	*American Institute of Indian Studies* *American School of Classical Studies at Athens*
Winston-Salem	Wake Forest University	*American Institute of Pakistan Studies* *American Schools of Oriental Research*

Ohio

Cincinnati	University of Cincinnati	*American Academy in Rome* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Cincinnati	Hebrew Union College	*American Schools of Oriental Research*
Cleveland	Case-Western Reserve University	*American Academy in Rome* *American School of Classical Studies at Athens* *American Schools of Oriental Research*
Cleveland	John Caroll University	*American Schools of Oriental Research*
Columbus	Ohio State University	*American Academy in Rome* *American Institute of Indian Studies* *American Institute of Pakistan Studies* *American Research Institute in Turkey* *American School of Classical Studies at Athens*
Columbus	Trinity Lutheran Seminary	*American Schools of Oriental Research*
Dayton	Wright State University	*American School of Classical Studies at Athens*
Delaware	Ohio Wesleyan University	*American School of Classical Studies at Athens*

Granville	Denison University	American School of Classical Studies at Athens
Kent	Kent State University	American Academy in Rome American School of Classical Studies at Athens
Oberlin	Oberlin College	American Academy in Rome American Institute of Indian Studies American School of Classical Studies at Athens American Schools of Oriental Research
Oxford	Miami University	American Schools of Oriental Research
Toledo	University of Toledo	American School of Classical Studies at Athens American Research Center in Egypt
Wooster	College of Wooster	American School of Classical Studies at Athens American Schools of Oriental Research

Oklahoma

Norman	University of Oklahoma	American Academy in Rome American School of Classical Studies at Athens
Tulsa	University of Tulsa	American School of Classical Studies at Athens
Stillwater	Oklahoma State University	American Schools of Oriental Research

Oregon

Corvallis	Oregon State University	American Institute of Yemeni Studies American Institute for Maghrib Studies
Eugene	University of Oregon	American School of Classical Studies at Athens
Portland	Portland State University	American Institute for Maghrib Studies American Institute of Yemeni Studies American School of Classical Studies at Athens
Salem	Willamette	American Schools of Oriental Research

Pennsylvania

Carlisle Gettysburg Lancaster Chambersburg	Central Pennsylvania Consortium 1. Dickinson College 2. Gettysburg College 3. Franklin and Marshall College 4. Wilson College	American School of Classical Studies at Athens
Bethlehem	Lehigh University	American School of Classical Studies at Athens
Bryn Mawr	Bryn Mawr College	American Academy in Rome American Research Institute in Turkey

		American School of Classical Studies at Athens American Schools of Oriental Research
Carlisle	Dickinson College	American Academy in Rome
Huntingdon	Juniata College	American Institute of Pakistan Studies
Indiana	Indiana University of Pennsylvania	American Schools of Oriental Research
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Philadelphia	The University Museum	American School of Classical Studies at Athens
Philadelphia	Temple University	American Academy in Rome American Institute of Indian Studies American School of Classical Studies at Athens
Pittsburgh	Duquesne University	American Schools of Oriental Research
Pittsburgh	University of Pittsburgh	American Academy in Rome American Institute of Indian Studies American School of Classical Studies at Athens
Pittsburgh	Pittsburgh Theological Seminary	American Schools of Oriental Research
Swarthmore	Swarthmore College	American Academy in Rome American School of Classical Studies at Athens
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Villanova	Villanova University	American Institute of Pakistan Studies
Williamsport	Lycoming College	American Schools of Oriental Research

Rhode Island

Providence	Brown University	American Academy in Rome American Institute of Indian Studies American Research Institute in Turkey American School of Classical Studies at Athens American Schools of Oriental Research

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South Carolina

Charleston	College of Charleston	*American Institute of Pakistan Studies*
Columbia	University of South Carolina	*American Institute of Pakistan Studies* *American Institute for Maghrib Studies* *American Institute of Indian Studies* *American Research Center in Egypt*

Tennessee

Johnson City	East Tennessee State University	*American School of Classical Studies at Athens* *American Research Center in Egypt*
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Knoxville	University of Tennessee	*American Academy in Rome* *American School of Classical Studies at Athens*
Lookout Mtn.	Covenant Theological Seminary	*American Academy in Rome*
Memphis	Mid-America Baptist Theological Seminary	*American Schools of Oriental Research*
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Memphis	Memphis State University	*American Research Center in Egypt*
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Texas

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Austin	University of Texas	*American Academy in Rome* *American Institute for Maghrib Studies* *American Institute of Yemeni Studies* *American Institute of Indian Studies* *American Research Center in Egypt* *American Research Institute in Turkey* *American School of Classical Studies at Athens* *American Schools of Oriental Research* *West African Research Association*
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Waco	Baylor University	American Schools of Oriental Research

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Salt Lake City	University of Utah	American Academy in Rome American Institute for Maghrib Studies American Institute of Yemeni Studies American Institute of Iranian Studies American Research Center in Egypt American Research Institute in Turkey
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Vermont

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Virginia

Alexandria	Protestant Episcopal Seminary	American Schools of Oriental Research
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Hampden-Sydney	Hampden-Sydney College	American School of Classical Studies at Athens
Hollins College	Hollins College	American Academy in Rome American School of Classical Studies at Athens
Lynchburg	Randolph-Macon Woman's College	American School of Classical Studies at Athens

12.50

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Richmond	Union Theological Seminary	American Schools of Oriental Research
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Washington

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Wisconsin

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Bunche Hall, Room 10286
University of California at Los Angeles
Los Angeles, CA 90024

Centre d'etudes maghrebines a Tunis
Impasse Menabrea
21 bis
BP 404
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Tunisia

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Political Science
University of Richmond
Richmond, VA 23173

P.O. Box 2658
San'a, Yemen Arab Republic

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University of Chicago
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Chicago, IL 60637

d-176 Defence Colony, New Delhi
110 024 India

American Institute of Iranian Studies
Department of History
The Ohio State University
306 Dulles Hall
Columbus, OH 43210
(activities in Iran were suspended in 1979)

American Institute of Pakistan Studies
Saudi Arabian Customs Project
Arkansas State University
P.O. Box 14
State University, AK 72467

U.S. Educational Foundation in Pakistan
2-84th Street, Ataturk Avenue, Ramna 6/4
P.O. Box 1128
Islamabad, Pakistan

American Pakistan Research Organization
c/o Middle East Center
University of Pennsylvania
Philadelphia, PA 19104-6305

American Research Center in Egypt
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New York University
50 Washington Square
New York, NY 10012

2 midan Qasr el-Doubara
Garden City
Cairo, Egypt

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The University Museum
33rd and Spruce Streets
Philadelphia, PA 19104-6324

Serencebey Yokusu 61-63
Daire 10-11
Besiktas, Istanbul, 80700
Turkey

Iran Caddesi 29/4
Gazi Osman Pasa
Ankara 06680 Turkey

American School of Classical Studies at Athens
41 East 72nd Street
New York, NY 10021

51 Souidias Street
GR-106-76 Athens
Greece

American Center for Oriental Research
The American Schools of Oriental Research
711 W. 40th Street
Suite 354
Baltimore, MD 21211

P.O. Box 2470
Amman, Jordan

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Cyprus American Archaeological Research Institute
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711 W. 40th Street
Suite 354
Baltimore, MD 21211

41 King Paul Street
Nicosia, Cyprus

W.F. Albright Institute of Archaeological Research
The American Schools of Oriental Research
711 W. 40th Street
Suite 354
Baltimore, MD 21211

P.O. Box 19096
91 190 Jerusalem, Israel

Universities Service Centre
c/o the American Council of Learned Societies
223 East 45th Street
New York, NY 10017

Chinese University of Hong Kong
Shatin, N.T.
Hong Kong

West African Research Association
P.O. Box 682
Howard University
Washington, D.C. 20059

Immeuble des Eaux
72 Blvd De la Republique
Dakar, Senegal

B.P. 6412,
Dakar Etoile,
Senegal

The American Schools of Oriental Research include the W. F. Albright Institute of Archaeology, the American Center for Oriental Research and the Cyprus American Archaeological Research Institute

The Universities Service Centre has been transferred to the control of the Chinese University of Hong Kong

The West African Research Association is currently administered through the Council of American Overseas Research Centers

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University of California, Santa Barbara
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Loyola University
Loyola Marymount University
Macalester College
University of Maryland
University of Maryland/Baltimore County
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University of Michigan
Michigan State University
University of Minnesota
University of Mississippi
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Mount Holyoke College
New York University, Institute of Fine Arts
State University of New York/Buffalo
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Northwestern University
Oberlin College
Ohio State University
University of Oklahoma
University of Pennsylvania
Pennsylvania State University
University of Pittsburgh
Pontifical Institute of Mediaeval Studies
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Rutgers University
Smith College
Smithsonian Institution
Stanford University
Swarthmore College
Sweet Briar College
Temple University
University of Tennessee
University of Texas, Austin
University of Texas, Arlington
Trinity College
Tufts College
Tulane University
University of Utah
Vanderbilt University
Vassar College
University of Vermont
University of Virginia
University of Washington
Wellesley College
Wesleyan University

Williams College
College of William and Mary
University of Wisconsin
Yale University

American Institute for Maghrib Studies

University of Arizona
University of California at Berkeley
University of California at Los Angeles
The Johns Hopkins University/SIAS
Middle East Studies Association
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Nitze School of Advanced International Studies
University of Pennsylvania
Princeton University
Smithsonian Institution
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American Foundation for the Study of Mankind
University of Arizona
Boston University
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New York University
University of North Carolina
Northern Illinois University
Oregon State University
University of Pennsylvania
Princeton University
Portland State University
University of Richmond
Royal Ontario Museum, Toronto
Semitic Museum, Harvard University
Smithsonian Institution
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University of Toronto
University of Utah
University of Washington
University of Wisconsin, Milwaukee

American Institute of Indian Studies

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Kansas State University
Loyola-Marymont University
University of Maryland at College Park
University of Michigan
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University of Missouri
North Carolina State University
University of Northern Iowa
Oakland University
Oberlin College
Ohio State University
University of Pennsylvania
Pennsylvania State University
University of Pittsburgh
Princeton University
University of Rochester
Rutgers University
Smithsonian Institution
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Temple University
University of Texas
University of Virginia
University of Washington
University of Wisconsin

American Institute of Iranian Studies

University of Arizona
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University of California at Los Angeles
University of Chicago
Columbia University
University of Illinois at Urbana
Metropolitan Museum of Art
University of Michigan
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University of Pennsylvania
Princeton University
Royal Ontario Museum
Smithsonian Institution
University of Utah

American Institute of Pakistan Studies

Arkansas State University
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College of Charleston
Columbia University
Duke University
Georgia Southern College
Hamilton College
Howard University
University of Illinois/Urbana
Juniata College
Massachusetts Institute of Technology
Monmouth College
State University of New York, Brockport
Northeastern Illinois University
Ohio State University
Pakistan American Foundation
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Villanova University
Wake Forest University
Western Michigan University

American Pakistan Research Organization

University of California, Berkeley
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University of Pennsylvania
Smithsonian Institution
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American Research Center in Egypt

Aga Khan Program for Islamic Architecture, Harvard University/MIT
American University in Cairo
University of Arizona
Brigham Young University
The Brooklyn Museum
Brown University
University of California, Berkeley
University of California, Los Angeles
University of Chicago, Oriental Institute
Claremount Graduate School
Cleveland Museum
Columbia University
University of Delaware
Duke University
East Tennessee State University
Harvard University
Johns Hopkins University
University of Maryland
The Metropolitan Museum of Art
Memphis State University
Middle East Studies Association
University of Michigan
University of Minnesota
New York University
Museum of Fine Arts, Boston
University of Pennsylvania, University Museum
Princeton University
Smithsonian Institution
Southern Methodist University
Southwest Missouri State University
University of Texas, Austin
University of Toronto
University of Utah
University of Washington
Wayne State University
Yale University

American Research Institute in Turkey

Aga Khan Program in Islamic Architecture, Harvard University/MIT
Archaeological Institute of America
University of Arizona
Brown University
Bryn Mawr College
University of California, Berkeley
University of California, Los Angeles
University of Chicago
University of Cincinnati
Columbia University

Cornell University
Duke University
Dumbarton Oaks
Indiana University
University of Illinois
Loyola University, Chicago
Metropolitan Museum of Art (Near East and Islamic)
University of Michigan
Michigan State University
New York University
University of North Carolina
Ohio State University
University of Pennsylvania
Princeton University
Smithsonian Institution
University of Texas
Texas A & M University
University of Toronto
University of Utah
University of Washington, Seattle
Washington University, St. Louis
Yale University

American School of Classical Studies at Athens

American Numismatic Society
Allegheny College
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Ball State University
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Barnard College
Beaver College
Berea College
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Boston University
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Central Pennsylvania consortium
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College of the Holy Cross
College of William and Mary
College of Wooster
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Dartmouth College
Davidson College
Denison University
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Dumbarton Oaks Research Library
East Tennessee State University
Eckerd College
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Florida State University
Fordham University
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University of Georgia
George Mason University
George Washington University
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Gustavus Adolphus College
Hamilton College
Hampden-Sydney
Harvard University
Hollins College
Hope College
Hunter College
University of Illinois at Chicago Circle
University of Illinois at Urbana-Champaign
Indiana University
Indiana University-Purdue University at Indianapolis
Institute for Advanced Study, Princeton University
Institute of Fine Arts, New York University
University of Iowa
The Johns Hopkins University
Kent State University
University of Kansas
University of Kentucky
Lawrence University
Lehigh University
Louisiana State University
Loyola University of Chicago
Macalester College
University of Maryland
University of Maryland Baltimore County

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University of Massachusetts
Middlebury College
University of Michigan
Michigan State University
University of Minnesota
University of Mississippi
University of Missouri
Montana State University
Mount Holyoke College
New York University
University of North Carolina/Chapel Hill
University of North Carolina/Greensboro
Northwestern University
Oberlin College
Ohio State University
Ohio Wesleyan University
University of Oklahoma
University of Oregon
Pembroke College
University of Pennsylvania
University of Pennsylvania, University Museum
Pennsylvania State University
University of Pittsburgh
Pitzer College
Pomona College
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Princeton University
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Rutgers
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Scripps College
Smith College
Smithsonian Institution
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Swarthmore College
Sweet Briar College
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Texas A&M University
Texas Tech University
University of Texas at Austin
University of Toledo
University of Toronto
University of Tulsa
Trinity College
Trinity University
Tufts University
Tulane University
Union College
Valparaiso University
Vanderbilt University
Vassar College
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University of Washington
University of Wisconsin
Wabash College
Washington University, St. Louis
Wellesley College
Wesleyan University
Wilfrid Laurier University
Williams College
Wright State University
Yale University

American Schools of Oriental Research

University of Alabama at Birmingham
American Baptist Seminary of the West
American Foundation for the Study of Man
American Oriental Society
Ancient Biblical Manuscript Center for Preservation and Research
Anderson College
Andover Newton Theological School
Andrews University
Archaeological Institute of America
University of Arizona
Asbury Theological Seminary
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Aurora College
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Baltimore Hebrew College
Bangor Theological Seminary
Baptist Bible College of Pennsylvania
Bard College
Baylor University
Boston College
Boston University
Brandeis University
Brigham Young University
Brock University
Brooklyn Museum
Brown University
Bryn Mawr College
Caesarea World Monument
University of California at Berkeley
University of California at Los Angeles
University of California at Santa Barbara
California State University at Sacramento

Calvin Theological Seminary
Catholic University of America
Central Baptist Theological Seminary
Central Conference of American Rabbis
University of Chicago, The Oriental Institute
Christian Theological Seminary
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Claremont Graduate Schools
Cobb Institute of Archaeology, Mississippi State University
Colgate Rochester Divinity School
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Emmanuel School of Religion
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Endowment for Biblical Research
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Gettysburg Lutheran Theological Seminary
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Grace Theological Seminary
Grace Theological Seminary
Harvard Divinity School
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Harvard University, Peabody Museum of Archaeology and Ethnology
Harvard University, Semitic Museum
Hebrew Union College-Jewish Institute of Religion
Hunter College
Iliff School of Theology
Indiana University of Pennsylvania
Institute of Advanced Study
International Institute for Mesopotamian Area Studies
University of Judaism
Jesuit School of Theology
Johannes Gutenberg Universitaet Seminar Fur Altes Testament
Und Biblische Archaeologie
John Carroll University
Johns Hopkins University
University of Kansas
University of Lethbridge
Loma Linda University
University College London
Louisville Presbyterian Theological Seminary
Luther College
Luther Theological Seminary
Lutheran School of Theology
Lycoming College
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McGill University
McMaster Divinity College
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Methodist Theological School
Metropolitan Museum of Art
Miami University
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Mid-American Baptist Theological Seminary
Midwestern Baptist Theological Seminary
Milwaukee Public Museum
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University of Montana
Mount Holyoke College
New York University
North Carolina State University
Northern Baptist Theological Seminary
University of Notre Dame
Oberlin College
Oklahoma State University
Pacific School of Religion, Bade Institute of Biblical Archaeology
University of Pennsylvania, University Museum
Phillips University
Pittsburgh Theological Seminary
Princeton Theological Seminary
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Protestant Episcopal Theological Seminary
Rice University
Rochester Institute of Technology
St. Francis Xavier University
St. John Fisher College
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St. John's University
St. Lawrence University
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St. Paul School of Theology
Samford University
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Society of Biblical Literature
University of South Florida
Southeastern Baptist Theological Seminary
Southern Baptist Theological Seminary

Southern California College
Southern Methodist University
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Southwestern at Memphis
State University of New York, Stony Brook
Temple University
University of Texas
Texas A&M University
Texas Christian University
University of Toronto
Trinity Lutheran Seminary
Union Theological Seminary, New York
Union Theological Seminary ,Richmond
United Theological Seminary
Unity School of Christianity
University of Vienna, Institut Fur Altes Testament Und Biblische Archaeologie
Upsala College
Valparaiso University
Wake Forest University
Wartburg Theological Seminary
Wellsley College
Wesley Theological Seminary
Western Theological Seminary
Weston School of Theology
Wheaton College
University of Wisconsin at Madison
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Universities Service Centre, Hong Kong

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University of Wisconsin
Yale University

Senator PELL. Dr. Mobley, you mentioned that international education should not be limited to specific programs. Are there any changes in statutes you feel are necessary to enhance the Center for International Business Education's ability to achieve its objectives? What would you like to see done?

Mr. MOBLEY. I think the statute provides the flexibility. I think the incentive is there for linking language and area study expertise with the professional schools, engineering and business in particular, where there are large numbers of graduates who will be engaged in international commerce and need that breadth.

So I think the mechanisms are in place if we can strengthen the support, increase the awareness, and increase study abroad. I would agree with Dr. Lane totally. In the United States, only some 5 percent of our college internationals have a meaningful study abroad experience. In some States like Texas, that percentage is only one percent. A number of the institution groups—and I am sure you have heard some of this testimony—are saying at a minimum we should have 10 percent.

So the legislative flexibility and clarification of international financial aid which would allow study abroad to be explicitly accessible through financial aid for increasingly diverse portions of our international bodies, both by major and by need and by minority groups, I think will help us significantly to carry the international message.

Senator PELL. In other words, what is needed is the will. The text of the language is all right the way it is.

Mr. MOBLEY. With respect to title VI-B, I'd say yes, but I think the provisions that are in the omnibus bill with respect to clarifying and providing flexibility for financial aid to support study abroad would be extremely helpful for our financial aid officers.

Senator PELL. Dr. Lane, you mentioned in your testimony the need for greater coordination of the international education programs by USIA and the Department of Education. Could you elaborate on how that interrelationship could be improved, and are there any other government departments that should be cranked into this operation?

Ms. LANE. Yes. As I mentioned in my written testimony, we are in a rather schizophrenic situation in that USIA supports international exchanges from over there, and the Department of Education does it from over here, and both USIA and the Center for International Education and the Department of Education here do an excellent job. But there is no bridge between them. We consider that if overseas research centers were allowed to have their own competition similar to the one that national resource centers have, we could serve as the bridge between those two purposes.

Certainly, the changing world of the last year and a half shows that domestic and foreign policy are very interrelated, and we think that international education should be interrelated as well.

Senator PELL. Would you describe to us the relationship you have with the Smithsonian?

Ms. LANE. Yes. The Smithsonian used to fund several of our research centers, as you know, Senator, particularly the one in India, through P.L. 480 money. As these moneys in different countries began to dry up, first Secretary Ripley and now Secretary Adams

realized that overseas research centers could be left high and dry. And essentially, we are the small, private, humanities and social science counterpart of the very large Smithsonian natural science network.

So Alice Ilchman was commissioned some years ago to do a study on overseas research centers for Secretary Ripley, and she recommended that a council be created so that centers for the first time could speak with a unified voice and that this council be located at the Smithsonian. So we were first set up in 1985, and our offices are there.

The council itself, not the centers, has $125,000 a year that was put by the Congress into the Smithsonian budget for our support.

Senator PELL. Thank you.

I thank you both very much indeed. I would add that the record will be kept open for at least a week so that any of my colleagues who are committed elsewhere and cannot be here will have an opportunity to ask you questions in writing.

Thank you, Dr. Mobley, thank you, Dr. Lane.

Senator PELL. The next panel is the one on institutional aid, and it includes Dr. Oswald Bronson, president of Bethune-Cookman College, Daytona Beach, FL, on behalf of United Negro College Fund; Dr. Paul Gianini, Jr., president of Valencia Community College, Orlando, FL; and Ms. Toni Weight, dean of student development, Weber State University, Ogden, UT.

We'll start out with Dr. Bronson, please.

STATEMENTS OF OSWALD P. BRONSON, SR., PRESIDENT, BETHUNE-COOKMAN COLLEGE, DAYTONA BEACH, FL, ON BEHALF OF UNITED NEGRO COLLEGE FUND; PAUL C. GIANINI, JR., PRESIDENT, VALENCIA COMMUNITY COLLEGE, ORLANDO, FL, AND TONI WEIGHT, DEAN OF STUDENT DEVELOPMENT, WEBER STATE UNIVERSITY, OGDEN, UT

Mr. BRONSON. Thank you, Mr. Chairman.

I am Oswald P. Bronson, Sr., president of Bethune-Cookman College in Daytona, Beach, FL.

Bethune-Cookman is one of the 41 member institutions of the United Negro College Fund, and I appear today on behalf of our member presidents and almost 50,000 students, 90 percent of whom receive and desperately need some form of financial aid as compared with 65 percent of schools nationally.

I am pleased to have the opportunity to speak to you about the need to revise and extend title III of the Higher Education Act and to talk specifically about part B, the Black College and University Act.

I am happy to report that 31 of our 41 member institutions have experienced enrollment gains of 16 percent over the past 4 years. Our enrollment is both interracial and international. UNCF presidents note, however, with alarm the fact that the number of student borrowers in GSL Stafford loans has almost doubled, from 11,000 in 1982-83 to almost 22,000 in 1988-89.

Increasingly, UNCF students are becoming indentured servants. We hope, therefore, that you will keep that in mind as you debate

whether or not to make the Pell Grant a real entitlement. We hope that you will.

Since the rewrite of title III, part B in 1986, UNCF member institutions have benefited immensely from the much more carefully targeted, formula-driven program which provides $38 million to private, historically-black colleges and universities and $89 million to the entire universe of undergraduate HBCU's.

We have been working, Mr. Chairman, with representatives of the public black colleges as well as black professional and graduate schools to develop the following legislative recommendations affecting part B.

One, increase part B floor on minimum grant from $350,000 to $500,000 in order to provide a minimum level of funding for the smallest HBCU's.

Second, enactment of the Bush Administration proposal to establish a set-aside of $20 million for HBCU's in part C, challenge/endowment grant program, with a part C authorization of $175 million for 1993.

Third, add five new graduate/professional schools to section 326 of part B, including Xavier University School of Pharmacy, the Southern University School of Law, the Texas Southern University Thurgood Marshall School of Law or the School of Pharmacy, the Florida A&M University School of Pharmaceutical Sciences, and the North Carolina Central University School of Law.

Fourth, establish a statutory mechanism for bringing the five new graduate institutions into section 326 without—without—reducing funding to any of the current participants. We therefore oppose the introduction of a generic graduate authorization.

Fifth, we strongly support a part B authorization of $150 million rising to $250 million during the 5-year life of the authorization.

UNCF is pleased with the progress made thus far with the Revised Black College and University Act program established in 1986. We encourage Congress to follow the age-old principle, "If it ain't broke, don't fix it"—just improve it, during the current reauthorization process.

I will be pleased to answer any questions that you may have.

Thank you so much.

Senator PELL. Thank you very much, Dr. Bronson, for being with us.

[The prepared statement of Mr. Bronson follows:]

PREPARED STATEMENT OF MR. BRONSON

Mr. Chairman, members of the subcommittee, I am Oswald S. Bronson, Sr. President of Bethune-Cookman College in Daytona Beach, FL. Bethune-Cookman is one of the 41 member institutions of the United Negro College Fund (UNCF) and I appear today on behalf of our member presidents and almost 50,000 students from 48 of the 50 states and 1,504 international students from 30 foreign countries and 339 students from our U.S. possessions.

I am pleased to have this opportunity to speak to you about the need to revise and extend title III of the higher education act and to talk specifically about part B, the black college and university act.

In order to set UNCF's recommendations for reauthorization of title III in context for the subcommittee, I believe it is appropriate to give you a "snapshot" of UNCF's students and the institutions as a group.

During the past few years, 31 or our 41 member institutions have experienced enrollment gains of two percent over the fall of 1989 and increases of 16 percent over

the past four years. We now enroll 49,397 students as of September 1990. Sixty-one percent of all UNCF students receive Pell grants; 33 percent receive SEOGs; 37 percent receive college work study; and 51 percent receive Stafford loans; and most receive multiple forms of this assistance. UNCF presidents note—with alarm—the fact that the number of student borrowers in the GSL (Stafford loans) has almost doubled from 11,000 in 1982-83 to almost 22,000 in 1988-89. Increasingly, UNCF students are becoming indentured servants—in 1979-80, eight percent of all UNCF students received guaranteed student loans, while in 1987-88, more that one-half of all UNCF students receive Stafford loans. I mention this to you today to make two points really: (1) institutions like Bethune Cookman are helping the federal government fulfill its "access" mission by enrolling low-income and minority students who get baccalaureate degrees and become tax-paying citizens; and (2) in addition to all you do for black colleges, which we very much appreciate, through title III—the title V aid you provide to our students is our lifeline and their passport escape the second-generation burdens of slavery in America. We hope you will keep that in mind as you debate whether or not to make the Pell grant a real entitlement—we hope that you will!

Since the rewrite of title III part B in 1986, UNCF member institutions have benefited immensely from the much more carefully targeted, formula-driven program which provides almost $38 million to private historically black colleges and university, and $89 million to the entire universe of undergraduate HBCU's. Additionally, another $11.3 million is provided to five historically black professional and graduate schools—Clark Atlanta University (graduate school), the Tuskegee University School of Veterinary Medicine, the Morehouse School of Medicine, the Meharry Medical College, and The Charles R. Drew School of Postgraduate Medicine.

Title III was completely re-written during the 1980 reauthorization and again in the Higher Education Act Amendments of 1986 (P.L. 99-498). It is the single largest institutional aid program funded by the federal government under the Higher Education Act or any other federal statute, including the Morrill Act. Title III authorizes three separate programs of funding for eligible institutions and provides direct institutional assistance to a variety of institutions of higher education, especially those serving large numbers of low income students. The three programs include: (1) the strengthening institutions program; (2) the strengthening historically black colleges and universities program (including section 326 for graduate and professional schools); and (3) the endowment challenge grant program.

The title III, institutional aid portion of the act was revised to reflect the outline described above in the 1986 amendments. UNCF, among others, played a significant role in working with Senator Paul Simon and Chairman Augustus F. Hawkins in rewriting this law which constitutes the only real form of institutional assistance most HBCU's receive from the federal government. Senators Strom Thurmond and Thad Cochran also played key roles in assuring that this important new law was placed on the federal statute books. In our view, the part B, black college and university act requires only minor tinkering in order to fulfill its stated goal of enhancing America's historically black institutions of higher education. We have been working with representatives of the public black colleges as well as the black professional and graduate schools to develop a series of legislative recommendations affecting part B. UNCF supports four important changes in title III:

—increase the part B floor or minimum grant from $350,000 to $500,000 in order to provide a minimum level of funding for the smallest HBCU's which are eligible to participate. This change affects only fifteen part B institutions;
—enactment of the Bush Administration proposal to establish a "set-a-side" of $20 million for HBCU's in the part C, challenge (endowment) grant program, with a part C authorization of $175 million for FY 1993; and
—add five new graduate/professional schools to section 326 of part B, including the Xavier University School of Pharmacy, the Southern University School of Law, the Texas Southern University (Thurgood Marshall) School of Law (or The School of Pharmacy), the Florida A&M University School of Pharmaceutical Sciences, and the North Carolina Central University School of Law, with provisions protecting the existing grants already made to the original five schools through fiscal year 1993 or the life of the current grants.
—Establishing a statutory mechanism for bringing the five new graduate institutions into section 326 without reducing funding to any of the current participants. We oppose the introduction of a "generic" graduate authorization because this will create a substantial drain on limited title III funds to graduate programs where African Americans, although underrepresented, do not require as much attention as in the health professions, medicine and law.

UNCF also supports inclusion of a uniform methodology for calculating the number of graduates who complete their studies in four or five years, and who enter graduate or professional school within a five year "look-back" period. Additionally, UNCF recommends inclusion of a general authority in section 323 which would permit institutions to implement activities, approved by the secretary as part of their section 323 application, that contribute to carrying out the overall purposes of part B, but are not specifically spelled-out in the authorized activities.

In part C, UNCF believes that a "cap" on the amount of a part C grant, relative to the size of the overall part C appropriation is needed. This is intended to prevent a few small grants from absorbing the entire part C appropriation. We would suggest a $500 thousand cap when the appropriation is $11 million or less; a $1 million cap when funding is above $11 million but below $21 million; and no limit when the appropriation is $21 million or greater. Finally, we think reducing the "sit-out" period for those institutions which successfully pursued a large matching grant ($2 federal for each $1 privately-raised) from ten years to five years is warranted.

We strongly support a part B authorization of $150 million rising to $250 million during the five year life of the authorization.

UNCF is pleased with the progress made thus far with the revised black college and university act program established in 1986. We encourage congress to follow the age-old principle—if it ain't broke, don't fix it—during the current reauthorization process!

I would pleased to answer any questions you may have.

Senator PELL. Dr. Gianini is here representing the community colleges, and I know that my old friend Frank Mansel has often been in your spot in the past.

Welcome.

Mr. GIANINI. Thank you. Good morning, Mr. Chairman.

I am Paul Gianini, president of Valencia Community College, a public institution serving over 55,000 students in central Florida.

Let me first thank you for all that you have already done to serve students in this country.

If Valencia's name sounds familiar, it may be because Alan Norton, president of the Martin Marietta Electronics, Information and Missiles Group spoke about his company's unique partnership with Valencia at this subcommittee's opening hearing on February 21.

I am pleased to have the opportunity to speak about title III, part A of the Higher Education Act, and to support the continued use of these funds to strengthen the success of students in the Nation's community colleges via a set-aside of at least $51.4 million, preferably higher.

Mr. Chairman, a good case can be made for the continuation of the community college set-aside simply as an issue of fairness to students. Historically, community college participation in this important program has been severely restricted. For 20 years prior to 1986, community colleges experienced a ceiling of 25 percent funding in title III, part A, despite the fact that community colleges enrolled 27 percent of all college students in 1970 and 37 percent in 1985.

Also, the eligibility criteria for part A grants have worked to limit the numbers of community college students that are allowed to benefit, since community colleges are only compared to other community colleges on the two eligibility criteria. This has meant that the 4-year colleges are eligible even though they have twice the average expenditures of the more cost-effective but ineligible 2-year institutions.

However, while the history is important, I am not asking you to continue the set-aside because of past problems. Rather, the set-

aside is merited based on the current and future performance of the Nation's community college students.

Community colleges are the critical main valve in the educational pipeline about which the Congress is justifiably concerned. It will be in community college classrooms that America will win the battle to produce the college-educated minds needed by our Nation to address our domestic challenges and to prosper in the international arena.

You may be interested to know, Mr. Chairman, that in the central Florida area alone, 15 percent of all the new jobs coming on line are tied to international business and trade.

Community colleges serve over 6 million credit students, and in 1988 provided opportunity to 46 percent of all minority students enrolled in postsecondary education. Over half of all the first-time freshmen are enrolled in community college.

The inherent flexibility of community college means we can correct students' skills deficiencies and prepare them to earn associate degrees and transfer for bachelor's degrees, reach out to improve the K-12 system via teacher training and dropout prevention, provide training programs that enable employees to transcend and change and remain competitive in the workplace. Mr. Norton from Martin Marietta noted to you how his institution and ours worked together in producing such items as the Patriot missile used in Operation Desert Storm, and I am very proud of the fact that Valencia students were involved in the production of the Patriot.

Title III is the only source of funding available to develop the capacity to carry out such work. At my own institution, Mr. Chairman, we have used title III funds to improve the retention of at-risk students and in three short years I am pleased to tell you that we have achieved a retention rate for at-risk students where over 8 out of 10 are currently in college, and we have found that by working with faculty who are excellent teachers, we try to build a bridge to the students so that they can learn more about the complexity and the factors that impact the decisions than an individual student makes to continue from semester to semester to obtain a degree.

Title III programs have improved our faculty and provided them with new information about individual students so that education can be more tailored to ensure the individual student's success.

There are many successful title III programs throughout the country, including Maryland, Illinois, South Carolina and Kansas.

In order to share models of success developed with title III funds and to maximize the Federal investment in the programs, I urge you to consider adding to the title III, part A grants a category of dissemination grants that will enable college that have successful identified and solved problems that impede students' success to refine and share those solutions with others.

On a related issue, colleges that have successfully completed past title III-funded projects and that are now proposing to address new and emerging problems should not be barred from future title III competitions. Recently, the Secretary of Education stated that colleges should be allowed to compete for only one 5-year part A grant. While I share his motivation to make title III funds widely available, title III programs should remain a national competition

with an emphasis on measurable, student-based results rather than a grant to which every institution is eventually entitled.

May I cite as an example, Mr. Chairman, we as in your own State will be having perhaps a Navy base closing. There is no such thing as a static community or a static institution. We must all change, and we must all face new problems continually and look for solutions to them. The Congress should consider finding resources to increase the moneys available in a very highly effective program.

America's choice is high skills or low wages. Because of the strategic role that student-centered, results-oriented community colleges play for our Nation, I urge you to continue the community college set-aside in at least the amount of $54.1 million and to compare all colleges for the purpose of applying the eligibility criteria.

Also, the current wait-out period for recipients of 4- and 5-year grants should be eliminated. In so doing, you will place an emphasis on title III funding on those institutions that are best positioned to deliver on the key issues facing our Nation and that have already demonstrated a record of performance in improving student success.

Thank you, Mr. Chairman.

Senator PELL. Thank you very much indeed, Dr. Gianini.

[The prepared statement of Mr. Gianini follows:]

PREPARED STATEMENT OF MR. GIANINI

Mr. Chairman and members of the subcommittee, I am Paul Gianini, president of Valencia Community College, a public, comprehensive, associate degree-granting institution established in 1967, and serving two counties in Central Florida with an enrollment of over 55,000.

If Valencia's name sounds familiar, it may be because Alan Norton, president of the Martin Marietta Electronics, Information and Missiles Group, spoke about his company's unique partnership with Valencia at this subcommittee's opening hearing held here in Washington on February 21, 1991.

I am pleased to have the opportunity to speak to you today about title III, part A, of the Higher Education Act, and particularly to support the use of these funds to continue to strengthen the nation's community colleges via a set-aside of at least $51.4 million, preferably higher.

Community colleges are the critical "main valve" in the educational pipeline about which the Congress is justifiably concerned. It will be in community college classrooms that America will win the battle to produce the college-educated minds needed by our nation to address our domestic challenges and to prosper in the international arena.

Economists tell us that as many as 50 million working Americans must upgrade their job skills within this decade, to keep our country competitive. The lion's share of this training will take place in postsecondary education programs below the baccalaureate level.

It would be impossible, Mr. Chairman, to exaggerate the importance of the $51.4 million title III, part A set-aside in helping community colleges to meet such a challenge. Title III does far more than any other title of the Act to help the colleges at the front lines to deal effectively with both demographic change and workforce development. To support both access and program quality is a pressing concern in many such colleges. In fact, the very purposes of the Act will be thwarted over time if, on the one hand, title IV programs should continue to expand access, while on the other hand, program development and improvement should fail to keep pace in colleges that are on the frontlines, improving access. The community colleges with burgeoning Hispanic enrollments are but one example of this troublesome resource gap. Thus, a substantial increase in the total authorization is our first priority for title III.

As Chairman-designate of the Joint Commission on Federal Relations of the American Association of Community and Junior Colleges and the American Associa-

tion of Community College Trustees, I want to emphasize our four strong recommendations for the title III reauthorization, and to address the last in greater detail. These four are: eliminating the "wait-out" period for successful title III grantees; treating all institutions alike in determining eligibility with no distinctions drawn among 2- and 4-year colleges; enabling all title III eligible schools to apply for Challenge grants; and maintaining the part A floor, or set-aside, for community colleges, which continue to be the growth industry of higher education.

Regarding the last recommendation, Mr. Chairman, a good case could be made for the continuation of the community college set-aside simply as an issue of fairness. Historically, community college participation in this important program has been severely restricted. For twenty years prior to 1986 community colleges experienced a "set-aside" of 24 percent funding in title III, part A. During that time period, the number of accredited community colleges grew from 719 to 1224, a 70 percent increase. In 1970, community college students enrolled 27 percent of all postsecondary students, and that percentage grew to 37 percent in 1985. Clearly, community colleges were the developing institutions of that period, and enrolled more than 24 percent of all postsecondary students.

The 1986 reauthorization began to address long years of neglect, and as a result of the set-aside enacted in 1986, community college grants increased from about $27 million each year in 1982–84 to exceed the $51.4 million set-aside in 1990.

Also, the eligibility criteria for part A grants have worked to limit the number of community colleges that are allowed to compete, since community colleges are only compared to other community colleges on the two eligibility criteria, those being the number of Pell grant recipients enrolled and the average costs per full-time enrolled student (FTE). joking at 1986–87 data for example, 4-year public colleges with average costs of $8,376 per FTE met the eligibility criterion when 2-year public colleges with average costs of $4,444 per FTE did not. Clearly, the criteria for establishing eligibility have worked against 2-year institutions.

However, while it is important to be aware of the history of title III funding, I am not asking you to continue the set-aside provision because of past problems. Rather, the set-aside is merited based on the current and future performance of the nation's community colleges.

Community colleges serve over six million students nationally, and in 1988, provided opportunity to 46 percent of the minority students enrolled in postsecondary education. Over half of all first-time freshmen are enrolled in community, junior and technical colleges, and our average student is 28 years old. Sixtyseven percent attend college on a part-time basis. Community colleges form the nation's largest system of higher education and formal workforce training.

The inherent flexibility of community colleges means that we can correct student skill deficiencies, prepare 18-year olds to continue on to pursue a bachelor's degree, help 40-year olds to change careers, reach out to improve the K–12 system via teacher training and drop-out prevention, and provide training programs that enable employees to transcend changes in the workplace and remain competitive, producing the quality of customized, high-tech worker training and retraining that Mr. Norton from Martin Marietta described to you on February 21, and that enabled his company to produce the Patriot Missiles needed in Operation Desert Storm. Indeed, Valencia students were involved in the production of the Patriot missile.

Community colleges will also play a central role in achieving the "America 2000" goals for education recently announced by President Bush. We can directly contribute to meeting the goals of increasing the high school graduation rate to 90 percent, improving student competencies in challenging subjects, enabling U. S. students to be first in the world in science and mathematics achievement, enabling adults to be literate and to possess the knowledge and skills needed to compete in a global economy, and to achieve a drug-free environment in our schools. The America 2000 plan proposes that we become a "nation of students," and community colleges provide the outreach that can make that vision a reality.

Today, title III is the only source of funding available to community colleges to develop the capacity to carry out this work. Valencia has received two title III grants which are examples of the type of comprehensive change and development that title III funds support.

In 1987, Valencia Community College received a 5-year title III Strengthening Institutions grant that enabled the college to launch a comprehensive retention program that has resulted in a significant improvement in the retention rates of students.

In fact, the at-risk student retention rate (80–85 percent) has been increased in three short years to exceed the rate of the total student population, which is 65 percent.

This significant achievement has been made possible as a result of title III grant assistance in developing a comprehensive student services plan that is unique in its conceptual design and that departs from a more traditional and narrow view of student services. The plan has as its central focus the use of technologies to integrate a broad spectrum of academic, administrative, financial, and student support services that impact students. Thus, college services are linked in a holistic system that increases retention and ensures student success.

In 1987, Valencia faculty and staff were successfully using computers to improve instruction and counseling services, increase instructional capacity, and to manage the college more efficiently. The 1987-92 title III grant has enabled the college to link technologies and systems, and thereby to link the services that impact students.

These technological enhancements allow Valencia professors, counselors and administrators to function as a team in service to students, while increasing access to education in a service district experiencing rapid growth. The Central Florida regional population has increased by 53 percent during the last decade. Also, Valencia's FTE (full time equivalent enrollments) have been growing at an average rate of 10 percent annually for the past five years, and are expected to double in the next decade.

The title III grant provided the structure that is enabling the college to absorb growth and provide individualized services essential to student success, solving the two major problems confronting the college that were identified in the 1987-92 comprehensive development plan, which were to absorb growth, especially of minority students, and to address the need to increase student exit test scores.

The following goals are being addressed by the title III project:

1. Improve the quality, cost-effectiveness and accessibility of instruction by ensuring that courses are, to the greatest extent possible, tailored to the needs of the individual student.

2. Strengthen the delivery of student services and improve cost-effectiveness by redefining and integrating the efforts of professional teams that serve each student and by implementing advanced technologies.

3. Train faculty in instructional methods and technologies that enable student success, providing quality, accessible, cost effective, individualized instructional services.

The results have been dramatic. While each of the many project objectives can be measured and reported individually, the impact is best expressed in terms of the project's bottom line measure of success, student retention. Initial analysis of the retention rates of the at-risk students who were provided mentoring and the student success course reveal that 84 percent of these students were retained.

The title III funded retention project has enabled the college to achieve a retention rate for at-risk students that is twenty percentage points better than that of the general population in just three short years. It is important to note that the at-risk student group includes 29 percent minorities (19 percent African American, 16 percent Hispanic and 4 percent Asian). These groups comprise 23 percent of the—total student population. Therefore, the project is making a special contribution to the success of minority students who are at risk. (At Valencia, students are considered to be at risk if they fail to pass one or more of the components of the college entry assessment test.)

The return of these students for subsequent terms and their successful completion of courses demonstrates that they have been sufficiently integrated into the college to make the next step in meeting the student's educational goals possible.

Recognizing the critical need to support successful student transition from the community college associate-degree program to the pursuit of the baccalaureate degree at the university, Valencia Community College and the University of Central Florida, both located in Orlando, entered into a 5-year cooperative arrangement funded by the title III Strengthening Institutions grant program for the 1988-1993 period.

The grant-funded activities have already demonstrated success in smoothing the path from the community college to the university and plugging one of the major holes in the "pipeline" of students as they move through the educational system. In fact, while Valencia is the fifth largest Florida community college, we rank second in terms of the number of students who have transferred and are successfully enrolled in the State University System.

This cooperative arrangement is unusual and has achieved success because the two institutions view each other as partners rather than competitors. The institutions have a proven track record of cooperative planning. Serving one of the most rapidly growing regions of the nation, both institutions experience problems related to rapid growth that is not expected to abate until well into the next century. Be-

cause competition is minimal, the institutions can seek optimum solutions to serve a common group of students, opening the door for this unprecedented cooperative effort.

Given that Valencia transfer students comprise nearly 40 percent of the graduates of the University, any successful attempt to strengthen the Valencia programs could be expected to impact the upper division at the University.

In 1986–88, the institutions conducted a joint planning process, identifying several common problems that could be addressed with title III funding. They included:

—the raising of the required passing rates for students taking the Florida College Level Academic Level Skills Test (CLAST) required for entry into the junior year of college.
—retention rates at both institution that were lower than desirable
— the need for improved academic planning processes that incorporate information about the common group of students being served
—the need to strengthen library collections and services
—reliance on a common pool of adjunct instructors needed to offer class sections in time of rapid growth.

In order to address these problems in an efficient and effective manner, title III funds are being used to support:

—a faculty development program tied directly to assisting faculty in providing appropriate assistance to students experiencing academic problems, and to ensuring that academic standards are coordinated at both institutions
—a linkage between the two institutions' student advisement and orientation systems that supports the smooth transfer of and joint enrollment of students from the community college to the university, enabling students to plan a 4-year program upon entry into the community college
—development of an instructional feedback capability that enables the institutions to capture the data needed about students to measure student outcomes
—developing methods of sharing facilities, including library resources.

The two specific project goals are:

1. To improve the quality of instruction by ensuring that students are skilled in three areas that cross discipline lines and that are critical to academic success: written communication, mathematics, and research abilities, and by providing strengthened academic planning.

2. To improve student retention through achievement of the bachelor's degree by providing integrated academic advisement and orientation systems between Valencia Community College and the University of Central Florida, and providing for electronic transfer of and access to transfer and dually-enrolled student data between the two institutions.

While the project directly addresses local needs of the two institutions involved, it also provides an example of the mutual benefits that can be achieved through cooperative effort. In 1988, a panel at the annual meeting of the American Council on Education addressed transfer issues. Alison Bernstein of the Ford Foundation identified two transfer problems yet to be addressed; inadequate faculty involvement and insufficient data collection on transfer students. The Valencia Community College/University of Central Florida title III project is solving those problems while keeping the central focus on the student.

Many community colleges and 4-year institutions exist virtually side-by-side across the nation, sharing common problems that invite cooperative solution. Valencia Community College and the University of Central Florida are demonstrating the synergism that can be created among institutions resulting in short- and long-term savings to the institutions and to society.

Valencia is joined by many other community colleges in effectively using title III funds. Other examples include:

Catonsville Community College in Maryland—Title III funds are being used to develop a plan for institutional effectiveness; develop new academic programs in computer integrated manufacturing, telecommunications and physics; and to improve services to disabled students.

Waubonsee Community College in Illinois—The development of effective services to improve the success rate of Hispanic students and to reach rural residents more efficiently is being supported by a title III grant. The project has resulted in a 70 percent retention rate for Hispanic students in several key academic programs.

York Technical College in South Carolina—This college has effectively used title III funds to develop academic programs in response to technological changes in local business and industry, and to develop the faculty's capacity to assist academically disadvantaged students, directly supporting student retention and success.

Allen County Community College in Kansas—Title III funds are enabling the college to develop new academic programs in electronics and manufacturing technology in response to local business and industry needs; to convert the previous manual student records system to an electronic system that produces the kinds of information needed to manage the college effectively; and to assess students upon entry, improve student retention, and provide career advisement and job placement services.

In order to share models of success developed with title III funds and to maximize the benefit of the federal investment in these colleges, I urge you to consider adding to the title III, part A grants a category of dissemination grants that will enable colleges that have successfully solved institutional problems to refine and share those solutions with others.

On a related issue, colleges that have successfully completed past title III projects should not be barred from future title III competitions if they are proposing to address new problems and find new student-centered, results-oriented solutions. Recently the Secretary of Education announced his position that colleges should only be allowed to compete for a one-year planning grant and one, 5-year part A grant. While I share in his motivation to make title III funds widely available, I believe that the best interests of the nation are served when the funds are awarded competitively to those colleges that are of strategic importance to the nation and that have done the best job of assessing their problems, selecting appropriate solutions, identifying performance indicators, measuring results and using those evaluations to improve student performance.

The title III program should remain, as it has been from the start, a national competition, rather than a grant to which every institution is eventually entitled. Congress should consider finding resources to increase the monies available in this highly effective program.

Currently, [see 34 CFR 607.9(b)(3) and (4)] the law provides that an institution that receives a title III, part A development grant of four or five years must "wait out" of the competition for these funds for a like period of time (four or five years). No similar eligibility requirement is placed upon institutions receiving three-year grants under title III part A, or for recipients of endowment grants or grants for historically black colleges and universities under parts B and C.

The legislation should be changed to eliminate the "wait out" period, thereby allowing all colleges with these grants to apply for eligibility to compete for new grants of up to $2.5 million when their current grants expire. This amendment would be in the best interests of the Nation's students, and it would not limit unreasonably the application of new resources to solve emerging problems.

Further, the legislation should be changed because:

1. The length of a previous grant is not an appropriate basis on which to decide which, if any, of the grantees with expiring grants should be allowed to compete for new funding. The basis for funding decisions should be on the merit of proposals based on the criteria for the competition.

2. Given that the Nation is being challenged in an unprecedented manner by foreign competition, it is not in the national interest to bar our higher education institutions from competing for title III funds simply because these institutions have been addressing problems for a given period of time in the immediate past.

3. Conditions faced by institutions can be expected to change rapidly in the 1990s. Events could threaten an institution that could not have been anticipated when an earlier 4- or 5-year grant was written. It would be unfair to prevent these institutions from competing for new grants.

4. The prohibition to reapply for funding is especially harmful to community college efforts to serve minority and at-risk populations. Community colleges are working on solutions to the retention of minorities and at-risk students , and play a special role in enabling these students to succeed in pursuing higher education. The development of solutions to these pressing problems can require long-term effort. Institutions working to develop these solutions should not be barred from competing for new title III grants.

5. It is not equitable to require recipients for 4- and 5-year grants to refrain from competing, when recipients of three-year grants may re-compete.

The current "wait out" period for recipients of 4- and 5-year grants should be eliminated. While colleges should not be allowed to apply a second time for the same projects, it is in the nation's interest to allow colleges to respond to new, emerging problems. For example, in my own community, the Department of Defense proposes to close a major local employer, the Orlando Naval Training Center, which will place unprecedented demands on our college to provide training and retraining services that could not have been anticipated. We should not be prevented from applying for federal resources to address a major educational training problem

that will confront our community due to decisions made at the federal level over which we have no control.

Because of the strategic role that community colleges play for our nation and our record of performance, I urge you to continue the community college set-aside at least at the $51.4 million level and to compare all colleges for the purposes of applying the eligibility criteria. Title III funds should be directed to those institutions that are best positioned to deliver on the key issues facing our nation and that have already demonstrated a record of performance. Congress must be able to direct resources to address the problems that are important to students, families, workers and employers in your communities.

Thank you.

Senator PELL. Ms. Weight, who is dean of student development at Weber State University in Ogden, UT.

Senator Hatch regrets that he could not be here, but we will insert his written statement in the record at this point.

[The prepared statement of Senator Hatch follows:]

PREPARED STATEMENT OF SENATOR HATCH

I am especially pleased this morning to have Toni Weight of Weber State University with us. She serves as the Dean of Student Development and will outline for us how Weber State is using funds from title III to help students who need extra encouragement from the institution to help them obtain an education.

As we move to reauthorize the Higher Education Act, we need to review current programs as well as new proposals to ensure that, within available funds, we develop legislation that will provide opportunities for a quality education to all eligible students.

Educational opportunity needs to be available in a variety of forms. Our current Higher Education Act encourages diversity by enabling students to attend varied institutions with federal support. In addition to providing access to higher education through a system of loans and grants made directly to students, the Higher Education Act also provides funds directly to institutions for a variety of purposes.

Some portions of the law authorize programs that directly fund colleges and universities that provide programs for students who are at risk of leaving higher education. Such programs are designed to strengthen the institution while enabling the school to help students achieve their personal goals of receiving an education and becoming productive members of society. These funds include those that are given to Historically Black Colleges and Universities as well as those given to colleges like Weber State University in Utah. These Historically Black Institutions funds have been invaluable in helping many blacks in this country attain a higher education. We might consider developing programs that will prove as beneficial for our country's many Hispanic students.

Other witnesses today will discuss the provisions of the Higher Education Act which provide funds for schools to (1) increase the availability of library services, (2) encourage more students to understand the international nature of the world in which we live, (3) help our institutions address the many concerns they have about inadequate buildings and facilities on our college campuses, and (4) encourage new ideas and innovations in higher education.

I look forward to reviewing the testimony of the witnesses today. Together, I think we can make the higher education system more available and more responsive to the needs of students.

Ms. WEIGHT. Mr. Chairman, I appreciate the opportunity of being here today to speak in behalf of the title III program. I bring you the appreciation of the students who have benefited from the services of it.

The reality of today's student body differs radically from its counterpart of 20 years ago. Today, many of our students are classified as high-risk. Their risk factor may be lack of adequate academic preparation, low income, age, or ethnic origin. The outward manifestation of high risk is unsatisfactory academic performance, poor study skills, learning problems, or low motivation. The results are a high dropout rate, an unrealistic length of time between entrance and graduation, and low grades, which result in difficulty in obtaining job placement.

Just as the risk factors differ, so do the remedies. The new student body brings with it a new set of challenges. These are challenges for which the academic community is poorly prepared.

In the past, our college clientele was mostly homogeneous, and we taught most of our classes through the traditional lecture and notetaking method. The fact that this was not appropriate for all students did not concern us very much. Those students whose learning style fit graduated; those who did not learn in that manner either did not attend our institutions or were quickly weeded out.

The nontraditional students who now fill many of our institutions learn in a variety of ways. If these students are to be equal participants in the educational experiences, those of us in a position to impact the system must develop alternative delivery systems appropriate to their learning styles.

However, within the tight budgets of most of our institutions, there is very little support for the development of these systems. It is only through programs such as Strengthening Institutions that most colleges can develop methods for serving this population.

At Weber State University, the title III program has allowed us to conceptualize, develop and provide educational support to high-risk students. The Strengthening Institutions money is being used to facilitate two initiatives. The first is an educational support center which is assigned to assist high-risk and nontraditional students in becoming more independent, self-confident and sufficient in the learning process. The second is technological support services which facilitate the use of technology by high-risk students. It is designed as a research, development and support unit for emerging successful student use of computer technology in all facets of college life.

It i felt that the impetus provided by the grant will get us well on our way to developing programs to support the underprepared student, and that by the time the grant funds are no longer available to us, much of the development of programs will be complete, and we will be able to institutionalize programs and continue into the future.

The title III grant has allowed us as a 4-year institution to better serve our high-risk students. Because of it, we are able to finance

the development of programs and services beyond the limits imposed by underfunded operational budgets.

It seems that only when money is earmarked for this special population can we overcome the historical funding pattern which seems to favor the traditional learner.

Although technology is the wave of the future, it is only through the infusion of protected funding that we ar able to develop, finance and implement educational programs with technology initiatives. It has enabled us to develop services and programs that are designed to serve the total community rather than just selected segments of that community.

We suggest a change in the funding formula. The focus of funding should be upon students. Many high-risk, low-income or nontraditional students must out of necessity attend a 4-year community college when a 2-year community college is not available. These students should not be denied the benefits of the program. Therefore we feel it is imperative that as further consideration is given to the future of title III programs, that attention be paid to the fact that 4-year colleges located in communities without 2-year colleges should have the same opportunity to compete for title III funds that all 2-year community college have. Such colleges should not be limited to competition for funds with just 4-year colleges.

Our experience with the title III program has been very positive. It is well-organized and managed. The proposal training sessions are informative. Proposal guidelines are understandable and consistent with the proposal evaluation process. The evaluation process was fair and well-managed.

From Weber State's perspective, the Strengthening Institutions program is effectively addressing specific needs of emerging institutions. We have found it to be extremely helpful to us and highly recommend its continuation.

Thank you.

Thank you very much indeed, Ms. Weight.

[The prepared statement of Ms. Weight follows:]

TESTIMONY ON TITLE III

Toni Weight, Dean of Student Development, Weber State University
Senate Subcommittee on Education, Arts and Humanities
Higher Education Act

I. INTRODUCTION

Weber State University is in the first year of a three year Title III grant. This written statement is to provide a framework in which the importance of the Title III money to our institution and to the "high risk" learner is outlined. If further information is required I would be happy to provide it at any time in the future.

II. BACKGROUND INFORMATION

Weber State is a four-year Metropolitan University (public, commuter, urban, co-educational) and it is unique in that it offers enrollees both one and two-year associate degrees in a wide variety of fields including technology, allied heath, and trade technical education. It also offers undergraduate four-year degrees in the arts, humanities, sciences, education, business and technology. Fall Quarter of 1990, Weber State University had 10,053 full-time equivalent students--the actual head count being 13,449.

Weber State (located in Ogden, Utah) serves a metropolitan community of approximately 325,000 people. Ogden, positioned along the Wasatch mountains twenty-five (25) miles from Salt Lake City, is the northern segment of a strip city of over one million people. Despite the trend over several decades of four-year senior colleges becoming research-oriented universities, Weber, through its strategic planning process, has reaffirmed its commitment to retain four-year status with its' primary focus being on teaching excellence.

The aim of Weber State University is to educate the whole person; this enables the individual to experience a life of accomplishment and fulfillment. As an institution, Weber State is committed to the academic integrity that seeks to challenge the creative mind and explore the exhilaration of learning. The college seeks a campus atmosphere that encourages academic achievement, personal friendships, healthy emotional development, respect for high ethical principles and strong intellectual growth.

III. PROBLEM

Participation in this dream is not equally assessable to all students as all students do not reach the university with equal backgrounds, equal academic capability, or equal financial support. Students who attend the university come from all economic strata, but

a higher percentage of low-income students enroll at WSU than at any other institution in the state because of its accessibility and moderate tuition level.

Weber State University is not a typical senior college as compared to the four-year state colleges profiled in a 1988 "College and University Report." In fact, it is probably atypical in comparison because of the following statistics:

1. It has a high incident of low-income students (about sixty percent (60%) receive financial-aid).
2. The average age of the student body is 26.4 years old.
3. Seventy-three percent (73%) of the student body work full or part-time.
4. Only eleven percent (11%) of the student's graduate within a five-year period and only thirty-eight percent (38%) after 14 years.

Each of the characteristics listed above is relatively consistent with the college's commitment to broad access. The admissions policy allows high school graduates to enroll regardless of courses taken, grade point average or ACT scores. Non-high school graduates who are 21 or older may enroll at the college without completing the ACT.

Although Weber State University has been a four-year institution for 27 years, it remains an emerging and developing institution with characteristics and problems similar to those of other community colleges that serve low and middle-income students and must compete for state dollars with its more prestigious "flagship" research universities. As a consequence, Weber State has numerous problems or deficiencies that inhibit it from becoming self-sufficient and thriving. These problems are:

1. The university has lacked the resources needed to provide comprehensive and integrate learning assistance to the large number of students who are underprepared for college with poor study skills, learning problems, mis-preparation, or low motivation -- all of which leads to an unnecessarily high attrition rate particularly among economically and educationally disadvantaged students.

    a. The percentage of underprepared students at Weber State as identified by the ACT is 59.7%.
    b. The percentage of non-traditional student (23 years of age and older) is 67%
    c. Ethnic minority students make up 16% of the student body.
    d. Limited English speaking students make up five percent (5%) of the studentbody.

2. The university has lacked the funding for new technologies and the learning resources needed for enhancing instruction. Technologies neded include interactive video and computer assisted instruction.

3. The university has lacked the necessary funding to implement a comprehensive student pre- (diagnostic) and post intervention

(competency) assessment program and an accompanying individualized development planning process.

4. The university has lacked the funding for the development of a modern student data management (tracking) system.

5. The university has lacked in-service training opportunities for faculty and support staff, i.e., Excellence in teaching the "developmental learner."

6. Current academic program offerings lack sufficient distinguishing characteristics to assure market success. There is a need for funding that provides for the development of comprehensive and innovative educational experiences such as "telecommunications" that takes advantage of the unique, high tech resources available along the Wasatch Front.

7. The student advising system has lacked trained faculty and a holistic, developmental and career oriented focus.

IV. TITLE III IMPACT

The awarding of a Title III grant to Weber State University has enabled us to provide support services to the "high risk" student in two major areas. These are:

A. ACTIVITY 1--Educational Support Center

The mission of the Educational Support Center is to assist "high risk" and non-traditional students in becoming more independent, self-confident and efficient in the learning process. The center's services are designed to support any personal or life-long learning goals that a student might have as well as the university's academic standards and graduation requirements. Activities include:

1. One hundred percent (100%) of all entering Freshman students who score 18 or below on any of the ACT sub-test complete a diagnostic battery of tests. The tests are designed to indicate the deficiencies that the "developmental" students have in their collegiate level learning skills (college level reading, writing, spelling, vocabulary, or communication, mathematics, and critical reasoning). An Individual Development Plan is then established for each student. The plan lists the necessary interventions that the student must successfully complete in order to remediate the noted skill deficiencies. The plan also indicates when the intervention(s) will be taken, and the individual, department and/or agency that will deliver the intervention(s) to the student.

2. The following one-to-one and small group learning materials and interventions are used with developmental students.
   a. Assessment and placement groups

b. Peer mentoring (upper-division student helping developmental students adjust to higher education).
c. Collegiate level learning skill modules(reading, writing, spelling, vocabulary, oral communications, mathematics, and critical reasoning.
d. Computer assisted instruction and interactive-video courseware (supplemental) for high risk classes.
e. Peer tutoring.
f. Learning strategy groups.
g. Critical reasoning workshops.

B. ACTIVITY 2--Technological Support Services.

The primary mission of Technological Support Services is to facilitate the use of technology by "high risk" students. It is designed as a research, development and support unit in the Student Development Division for energizing successful student use of computer technology in all facets of college life. The unit will also provide support for the development of technological strategies that assist "high risk" students in acquiring "persistence" in their coursework and at the institution.

Finally, it will assist non-traditional and "high-risk" students in becoming technologically literate by designing applied retention experiences that utilize numerous computer application and instructional formats. Activities include:

1. Learning modules designed to instruct participants in the development of:

   a. computer assisted instruction
   b. inter-active video programs

2. Development and management of data-bases needed within the Student Development Division (e.g. strategies for student retention, student retention data, educational strategies for literacy development, critical reasoning development and educational strategies for the non-traditional learner).

3. Development of instructional modules for college-level learning skills.

V. SUMMARY

A. WHAT IS THE VALUE OF THE TITLE III PROGRAM

1. It allows four-year institutions to better serve high-risk students.

2. It allows institutions to finance and develop programs and services beyond the limitations imposed by under-funded operational budgets.

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3. It allows institutions to develop, finance and implement educational technology initiatives.

4. It allows institutions to strengthen their educational services and programs so that they are more competitive in the educational market-place.

5. It allows institutions to develop services and programs that are designed to serve the total community rather than just selected segments of the community.

B. WHAT IS THE IMPACT OF THE TITLE III PROGRAM ON WEBER STATE UNIVERSITY?

1. It provides Weber State University the opportunity to study, finance and initiate an Educational Support Center that assists high-risk students to gain commitment and academic skills necessary to stay in and graduate from college.

2. It provides the institution with the opportunity to assist support staff and faculty in the use of educational technology as a supplement to current instructional processes. The use of educational technology provides support staff and faculty the opportunity to meet the needs of all learners in a more effective fashion.

C. WHAT PROBLEMS HAVE WE ENCOUNTERED WITH THE TITLE III PROGRAM?

The Title III Program (Strengthening Institutions) seems to be well organized and managed. The proposal training sessions were informative. The proposal guidelines were understandable and consistent with the proposal evaluation process. The evaluation process appears to be a well managed and fair. From Weber State's perspective (After 7 and 1/2 months in the program) the Strengthening Institutions program is effectively addressing specific needs of emerging institutions.

D. WHAT CHANGES SHOULD BE MADE IN THE TITLE III PROGRAM?

Four-year colleges located in communities without two-year community colleges should have the same opportunity to compete for Title III funds that all two-year community colleges have. Such colleges should not be limited to the competition for funds with just four-year colleges. High risk, low-income, or non-traditional students must, our of necessity, attend a four-year community college when a two-year community college is not available.

Senator PELL. What special steps need to be taken, particularly in the historically black colleges and universities, to ensure that we are providing minorities with the quality of education necessary to assure that they can be well-represented in the Nation's professions and meet the competition across-the-board when they have graduated?

I'd be very interested in any specific thoughts that any of you have in this regard. Dr. Bronson.

Mr. BRONSON. Yes. I think in the first place, Mr. Chairman, we need to provide adequate financial aid. More and more, students, especially at the poor end of the economic level, are having to borrow.

For example, as I said earlier, 8 percent of all UNCF students receive Guaranteed Student Loans, while in 1977–88, more than half of all UNCF students received Stafford loans. This can be stated almost across-the-board that they are having to depend too much on loans.

Second, I think we need to emphasize not only access but also success. There is too much emphasis on access but not enough on the results of what we are trying to achieve.

And I believe, third. Mr. Chairman, we should provide HBCU's with adequate funding so that they can go forward with the job that they are now doing and have done so well throughout history.

I believe if these three things are done—the adequate funding, which would help provide proper faculty salaries; adequate funding that would help take care of facilities and buy equipment; adequate funding that would help with retention and mentoring programs—that we will see these institutions continue to do a very fine job in providing quality education for minority students.

Senator PELL. Thank you. Dr. Gianini.

Mr. GIANINI. Mr. Chairman, I would add to what has already been said in terms of financial aid and access. I think there is also the question of mentoring. The facilitative part of higher education is the faculty. We have found great success in taking the image of the faculty as one who stands before the class of students who are normally the first member of their family who have been in any type of higher educational institution and who are totally intimidated, providing that faculty member with a lot of information about the students, and then allow them to assume a mentoring role to work with the student as an individual and to create a pattern of behavior and relationship between those two individuals so as to keep them in school. Then, at the end of the program, of course, we have worked very hard in terms of assessment and making sure that the students to whom we have said we will produce a certain product indeed have the variables contained in that product.

In the State of Florida, of course, we are very test-prone and have a series of statewide tests that will determine if a student can go on from a community college to a 4-year institution, or indeed can receive the associate of science degree in a technical area and enter the workaday world. We feel very strongly that the faculty are key, but the real theme of why we exist is service to students.

Senator PELL. Thank you very much. Ms. Weight.

Ms. WEIGHT. We have put together a program which we are in the process of implementing which takes the mentoring idea, but at our university we use upper-class students, either junior or seniors, who have had some training in peer advising and counseling. As the students enter the university, they are given a battery of assessment tests in which we determine what kind of support they need, whether that support be academic or whether it be counseling or advisement or even physical problems that may impede this, and we have those students work with them and refer them to sources.

I think it is also important—and it is a program that we are trying to get funding for and work with—to start dealing with these students far before they enter our colleges. I believe that we need to impact them and start working with them and mentoring them along about 6th or 7th grade in order that they will get to our colleges and be prepared to enter our colleges.

Senator PELL. Thank you very much. I will turn now to our ranking minority member, Senator Kassebaum.

Senator KASSEBAUM. Thank you very much, Mr. Chairman. My apologies for coming in late. There was a hearing in the Indian Affairs Committee of great importance this morning as well. Unfortunately, we tend to divide our time too much here, so my apologies. If my questions deal with issues that have already been addressed, please just say so.

Dr. Bronson, in your statement I believe you ask that we include a general authority to implement activities that contribute to carrying out the overall purposes of part B but that are not specifically in the list of authorized activities. I'd like to ask you what types of activities you would like to be able to do with the funding that you cannot do now. Were there some specific things that you had in mind?

Mr. BRONSON. Thank you. No. 1, we take the position that title III has already provided for us opportunities that we would not have had without title III. We want to emphasize that the direction title III is moving in, so far as the HBCU's are concerned, is a very healthy direction.

However there is the need, number one, for entitlement of the Pell Grants. Students are having too many difficulties trying to meet their financial obligations from loans and from not having adequate funds to take care of that responsibility in school. So we would hope that we would find enough funds to really cover their expenses

No. 2, we feel that there should be programs that will work with students at risk. Bethune-Cookman College and other schools have started those kinds of programs, and we discovered that through a mentoring approach, many of these students who would drop out at the rate of 90 percent were saved at the rate of 85 percent.

So having adequate funds for counselors and for teachers to understand the problems of course would be another important situation for us.

No. 3, there is the need for equipment, for resources, for renovation of buildings and of course for new facilities to be in line with developments that are happening in our current society.

So we would hope, then, that with these new funds we can not only help students in the baccalaureate program and in preparation for school, but also put them on a track where they will move on into graduate programs and will succeed in the sciences and technology.

Senator KASSEBAUM. Do you do any of the mentoring now?

Mr. BRONSON. Yes. We have a mentoring program that begins not only in college but also before students come to college. We start at the 4th grade. We have classes for 4th, 5th, 6th, 7th, 8th through high school on Saturdays in science and technology where the students come in and they work with persons, with faculty and students at the college in preparing scientific projects. We are hoping that this will increase the number of black students and minority students having greater success with science and math.

We are also emphasizing test wiseness. As indicated by my colleague here, and as you know, many minority students, especially blacks, tend to score lower on many standardized tests. We are discovering that when we provide them with these kinds of opportunities, they tend to score at the same level as anyone else.

Senator KASSEBAUM. Well, I am a strong believer in mentoring, and I think all three of you have spoken to that and the need to start early.

Dr. Bronson, basically, are you finding that enrollment in the historically black colleges and universities has declined proportionately to enrollment in traditional 4-year college programs or 2-year community college programs?

Mr. BRONSON. Senator Kassebaum, if you notice in my testimony, enrollment in UNCF schools has increased over the last 4 years 16 percent. At Bethune-Cookman College, in the last 2 years, we have had to turn away roughly 400 students because we did not have the space nor the resources to receive them. So the data show that enrollment is increasing in the UNCF schools.

Senator KASSEBAUM. Still, about 85 percent of black students are in other institutions of higher learning; is that correct?

Mr. BRONSON. You are correct, but I understand that while we enroll approximately 35 percent of the black students, we graduate 40 percent or more of the students who enter school. So we want to put emphasis not only on access but success; not only on beginning, but on results.

Senator KASSEBAUM. Well, I'd say that is a good emphasis. I am pleased that enrollment is increasing. I think that speaks well to the strength of the institution.

Mr. BRONSON. The only thing stopping us is that we just need more financial aid money.

Senator KASSEBAUM. That's what everybody says, Dr. Bronson. [Laughter.]

Dr. Gianini, I'd like to ask you about the proposal of the administration to remove the 2-year college set-aside because it is believed to be unnecessary. I wonder how you counter that conclusion.

Mr. GIANINI. Well, early in my testimony, Senator, I mentioned the fact that 2-year colleges have indeed been short-armed for almost 20 years, and the percentage set aside for community college was much lower than indeed the percentage of students that they enrolled.

Currently, there is a $54.1 million set-aside for community colleges. In effect, the community colleges have been very good at writing the grants for title III and have even exceeded that. However, we look at the $54.1 million solely as a base, not as a cap or as a distinct set-aside.

We believe that the community colleges are where the action is, and if you look at the Nation's agenda in terms of economic development, in terms of service to minorities, in terms of service to students, you'll see, such as colleges in your own State like Johnson County and Allen County, are just doing tremendous jobs in assisting communities through rather recessionary times.

Senator KASSEBAUM. I am a strong supporter of the community colleges and very proud of the work they are doing. I think they play a very important role. They receive 72 percent, I believe, of all part A money. I guess I would just wonder if they still need to be protected by that set-aside.

Mr. GIANINI. Well, remember the set-aside is only $54 million, and I see that as a base. The reason we got 70 some-odd was because basically we wrote better grants, and we were addressing the needs as prescribed in the legislation. It was the readers who made the decision as to who would get the moneys; it wasn't the colleges.

Senator KASSEBAUM. Ms. Weight, would you feel the same way?

Ms. WEIGHT. No. I feel that——

Mr. GIANINI. Surprise. [Laughter.]

Senator KASSEBAUM. That was kind of a leading question, wasn't it?

Ms. WEIGHT. There are many colleges throughout the Nation that are similar to the college that I am representing today. We are located in a community of about 320,000 people. There is no 2-year community college. Over 50 percent of our students are above 25 years of age. That makes them not mobile. They cannot travel easily or move easily to attend a different kind of institution. So therefore it is our responsibility to serve that population.

There is no choice for these people if they are to obtain a higher education. They need many of the same kinds of services and help that a 2-year community college student would need. Sixty percent of our students arrive with the need of some remediation as determined by the ACT test which we use as entrance.

Therefore, I feel that since there are colleges that have to perform this need who do not happen to be 2-year colleges, that the title III funding is important to them.

I think it is important that we look at the student and what kind of student an institution is serving rather than whether they are a 2-year or a 4-year or a community college or whatever. I think the student is the issue that we are concerned with, and the need and help that they should get.

Senator KASSEBAUM. I think you make a good point.

It has been my concern that we are frequently burdening students with high loan obligations and that perhaps we are not being very fair to them in doing so by not requiring higher standards. By that, I mean high standards for graduation from high school, which is where I think the emphasis should be, rather than necessarily higher admissions standards at the college level. I think we owe it to our high school students, and I think they can meet those stand-

ards, which then give them a better start at our colleges and universities.

Do any of you wish to comment on that? Do you feel that your own admissions policies could be changed in a way that would force changes anywhere else in the system?

Mr. GIANINI. Let me react if I may. Many foreign countries have indeed selective systems, and students attract at a very early age—England, or Australia. I think our system is better in the sense that it gives all students an opportunity to become what they are capable of becoming and does not shut them out because of past experience or past history. I would much rather have the opportunity to allow a student to try and fail than to not allow them to try at all.

This puts a tremendous burden on all of our institutions because we are all trying to develop tomorrow's work force, tomorrow's leadership and tomorrow's followership.

I am concerned about the amount of loans. I am concerned when I read proposals that the base for Pell Grants be reduced to $11,000. I can assure you if somebody is making less than $11,000 a year, any type of higher education is not in their agenda; they won't be there.

I am concerned about the definition of independent student going to age 26 so that leaves that hiatus between when they finish high school and start college and they are independent per se; they really have to sit out and not be eligible for financial aid.

When I look at the default rates—and I have looked more at community colleges than I have at others, and there are indeed several dozen who have shadows—but look at the students that they are serving, they are disadvantaged, they are the first members of their family, they are not wealthy students. The median income for community college students is rather low. It is no wonder they are having difficulty paying back. I am not convinced that a majority of those have any malintent, but really, perhaps not the wherewithal to do it.

When a student graduates from community college with several thousand dollars of debt, even though the payments are low and spread over a long period of time, proportionately, it is a much greater responsibility for them to pay back these moneys.

At Valencia, we are very pleased; our default rate is only 8 percent. I wish it were zero. I wish we could help those students not have any debt when they graduate from college.

Senator KASSEBAUM. Dr. Bronson.

Mr. BRONSON. Yes, thank you. It does place a heavy burden on students, especially when we are having to do a considerable bit of remediation, to have to worry about becoming competent as a student while at the same time having to think about the financial needs.

As you must know, there has been conversation about front-loading Pell Grants and then loans in the latter years. Our position is that while that should not necessarily be a hard and fast rule, maybe it should be an emphasis that schools should give consideration to.

If I may speak to my colleague's emphasis on default rates, it would seem to me that the emphasis should be not so much on the

percentage, but on the volume. There have been instances where schools have had a smaller, lower volume but a higher percentage, and another school with a high volume and a lower percentage. So it places the school in difficulty on the one hand, and it certainly also places the student in difficulty when one has to have heavy borrowing.

Senator KASSEBAUM. Thank you very much. Ms. Weight.

Ms. WEIGHT. Yes. I have had experience working both in public schools and at the university level, and when you talk about entrance requirements and how we might force better-prepared students, I have real difficulty in closing down opportunities because I have very often seen students who are 14, 15, or 16 years old who have not yet caught on to what they want to or need to achieve in life and may be not be achieving at a high rate. I still believe that this is the land of opportunity, and I would hate to see us get to the point where we close those opportunities for our young people. I think that is one of the things that is great about our land.

I do think we need to do work on trying to close the gap as they come up through and come to our colleges better-prepared, but I don't think we should close down that opportunity for them to attend college. Many of them just turn on at that point, and I know students who probably would not have been admitted to our institutions if we raised our standards high, who are some of the leading producers in our Nation. I would hate to close down that opportunity.

Senator KASSEBAUM. Well, a couple of my sons probably would not have, either. [Laughter.] But I think they would have worked harder in high school if they knew that was necessary in order to attend the State university. Again, I am talking not so much about unviersity requirements, but rather the standards for graduation from high school. I'm not blaming anybody because it's just as much my fault, making sure they studied.

Ms. WEIGHT. I think sometimes, as was included in my testimony, even in the high schools, we do not provide the type of learning experiences that turn the students on. I think we need to work in that direction also.

Senator KASSEBAUM. Thank you very much.

Senator PELL. Thank you very much. Senator Jeffords.

Senator JEFFORDS. Thank you, Mr. Chairman. First of all, I want to commend the panel on their excellent testimony, and I certainly agree with you on mentoring and earlier intervention and getting our young people in a position where they want to go to college.

Mr. Gianini, I agree with you on the 26—in fact, I'm going to be pushing to go down to 23 and then 22 and then 21 and then 20 and then 19 and then 18, so that we have quality among all students in that area. So I want you to know you have a friend in that regard.

Mr. Chairman, I do not have any questions. I enjoyed listening, and most of the questions I would have asked have already been asked. At some point, I would like to make a very short statement which is more relative to panel 3.

Senator PELL. Fine. Thank you. We thank this panel very much indeed for being with us.

We welcome now the third panel dealing with FIPSE, facilities and libraries. Dr. Robin Bartlett is professor of economics at Deni-

son University, Grandeville, OH; Dr. Richard Traina, president of Clark University, Worcester, MA; and Ms. Merrily Taylor is university librarian at Brown University in Providence, RI.

Senator JEFFORDS. Mr. Chairman, may I give my statement now, while the panel is gathering?

Senator PELL. I think this would be an appropriate point, Senator Jeffords.

OPENING STATEMENT OF SENATOR JEFFORDS

Senator JEFFORDS. Thank you, Mr. Chairman.

Facilities funding is now frequently quoted in the press, and it does not raise the ire of frustrated constituents. In fact, it gets very little attention at all. That is the problem. Within the Higher Education Act, there is one title which directs funds to facilities. In last year's appropriation, it received but $38 million for college housing and academic facilities. It represents an increase of $3 million over the 1990 appropriation but falls drastically short of the needed amount.

Thirty-eight million dollars for a problem that has been assessed to be close to $60 billion is clearly not enough. I don't think I need to reiterate how important facilities are to the success of our future generations and present students. We may have a goal of increasing the number of science and math graduates, but clearly without the facilities, those science graduates will not be forthcoming in the numbers that we need.

While we should not siphon funds away from other programs, it is fair to say that facilities have not received their fair share over the years.

More importantly, we have a duty and an obligation in this committee to make the Congress and the Nation aware of the needs in this area. The national risk of not accommodating these needs is so great that we should not fail to do that.

In this year's reauthorization process, I hope the committee will work to reinvigorate the title VII program either by encouraging matching State and institutional funds or by redefining eligible institutions according to their mission, their availability endowment, or alternative resources accessible to them.

The tragic state of our university science facilities in particular attest to the growing need for funds to rebuild our Nation's basic science infrastructure. We must not ignore these needs any longer.

Thank you, Mr. Chairman.

Senator PELL. Thank you very much indeed. We now welcome Dr. Robin Bartlett, professor of economics at Denison University.

Dr. Bartlett, welcome.

STATEMENTS OF ROBIN BARTLETT, PROFESSOR OF ECONOMICS, DENISON UNIVERSITY, GRANDEVILLE, OH, IN ASSOCIATION WITH INDEPENDENT COLLEGES OFFICE; RICHARD TRAINA, PRESIDENT, CLARK UNIVERSITY, WORCESTER, MA; AND MERRILY TAYLOR, UNIVERSITY LIBRARIAN, BROWN UNIVERSITY, PROVIDENCE, RI

Ms. BARTLETT. Mr. Chairman, Senator Kassebaum, Senator Jeffords, I am pleased to be here today to participate in these hearings

on the reauthorization of the Higher Education Act of 1965, and in particular to address issues related to the Fund for the Improvement of Postsecondary Education, or FIPSE.

I speak to this issue from my perspective as a long-time member of the Denison faculty and as one who has been fortunate enough to receive a rather substantial grant from FIPSE.

In my written testimony you will find brief descriptions of recently funded projects. As you can see, FIPSE grants are widely distributed, and they support a great variety of initiatives in an effort to improve postsecondary education. For example, preparing newly-minted Ph.D's for their roles as teachers by pairing them up with mentors, encouraging student interest in mathematics and science, with new pedagogical techniques, incorporating new technologies in the classroom with computer laboratories, preparing students for international business careers by developing language skills.

FIPSE has played a vital role in shaping American higher education. It will continue to play a vital role if the reauthorization act stays true to your original vision for a Federal agency to reform postsecondary education—one which is responsive to local initiatives, encourages bold educational reforms, supports programs that improve access to higher education, and hastens the use of new technologies in the classroom.

In my written testimony, I suggest language for the reauthorization of title X. I would be happy to answer any questions you have on that language.

I would like to use my experience at Denison, however, to illustrate FIPSE's vital role in improving undergraduate education. By the time I am finished, I hope you will see why our economics department out there in the heart of it all in Ohio is about to revolutionize the teaching of economics across the country.

Like many of our colleagues on other campuses, we have become disappointed by the results of trying to incorporate new technologies and pedagogies in the classroom on a course-by-course basis. We were not able to teach our students the skills that they needed to understand and work within today's complex economic systems.

My Denison colleague Paul King and I decided to develop a comprehensive and even radical approach to the teaching of economics. By observing courses in the natural sciences, it had become clear to us that laboratory activity has a significant impact on student understanding of the material. In labs, students get an opportunity to do science. In comparison, students in economics are generally taught with a lecture format, with few opportunities to interact with the professor or to do economics.

The problem was that until the mid-1980's, the need for large computational facilities and data bases made experimentation and research prohibitive at the undergraduate level. However, the recent affordability and user-friendliness of microcomputers and the accessibility of large government databases have eliminated these barriers; so our timing was good.

The old Denison major was like that which still exists in most of the universities across the country, and I'm sure some of you sitting there have taken some of these courses. The old major was one in which our students were lectured to in introductory economics,

intermediate microeconomics, macroeconomics, econometrics or statistics, and three advanced courses—I see some faces smiling. In the old major, by the time you were seniors you were supposed to be able to apply these theories to real world problems. This rarely happened.

Theoretical material and statistical techniques were often forgotten and inadequate opportunities to apply these theories made our students ill-prepared for the task that we were giving them of integration and application in the real world.

We spent 2 years developing our plan and ultimately a proposal to FIPSE. To incorporate labs in our curriculum, we had to rethink our objectives in the major and how best to accomplish them. The new curriculum still requires our students to take introductory economics, but now intermediate, microeconomics, macroeconomics, econometrics, and one of the advanced courses have to have a lab. By the time our students get to advanced courses, they are very familiar with generic computer programs; they know how to gather data; they know how to analyze data and to interpret it.

Our undergraduate students are now equipped to deal with budget deficits, monetary policy shifts, and other of the major economic issues facing our citizens today. And if you don't believe me, you are more than welcome to come out and visit one of my classes, and I have with me Ed Gaffney, who is one of my student assistants, who has taken several of these classes and has helped me with other students.

The new economics major is clearly preferable to the old. The quality of the major has improved. Students have developed basic computer, quantitative and analytical skills necessary to understand the problems in today's economic environment. Our labs give students an opportunity to do economics.

This major is now a cohesive whole, tied together by the common experience of the lab rather than students taking a series of random courses out of convenience.

In closing, I'd like to underscore the high regard that FIPSE has within higher education. FIPSE is seen as a catalyst for innovation, and improvements in its standards are high. By many standards, the FIPSE budget is small, however. The increases we are requesting are modest. Over the past 20 years if Denison experience is typical, Federal dollars have been widely invested by FIPSE. Over the next 10 years, even greater challenges will be put before the postsecondary educational system in this country. Higher education and government must continue their partnership to ensure the challenges of this changing society and to make sure our students are competitive in the international economy.

The Fund for the Improvement of Postsecondary Education has a critical role to play in this partnership.

Senator PELL. Thank you very much indeed.

[The prepared statement of Ms. Bartlett follows:]

PREPARED STATEMENT OF MS. BARTLETT

I am pleased to be invited to participate in the Hearings on the Reauthorization of the Higher Education Act of 1965. In particular, I am pleased to address issues related to the Fund for the Improvement of Post-Secondary Education (FIPSE). I speak not only for Denison University, but also for our peer institutions within the Great Lakes Colleges Association (GLCA) , the Associated Colleges of the Midwest (ACM), the Central Pennsylvania Consortium (CPC), and other institutions represented by the Independent Colleges Office (ICO).[1]

For the past twenty years, FIPSE has been an invaluable partner to the liberal arts community in our efforts to improve programs so that our students, and thus the nation, are better served. To demonstrate this, I have included as Exhibit A brief descriptions of FIPSE grants on ICO campuses. Also included in that Exhibit is a selected list of FIPSE-funded projects in states of Members of this Subcommittee. Each project addresses a significant challenge in higher education today: how to prepare postdoctoral students to be faculty members, how to use most effectively available technology, how to attract and sustain student interest in mathematics and science, how to equip students to be confident users of a second language so they are ready to move into international careers. These are just a few examples of how FIPSE has taken the lead in improving postsecondary education in this nation.

Included as Exhibit B is a more extended description of the FIPSE project at Denison University. I will be pleased to answer any questions you may have about our work.

FIPSE projects have changed the face of American higher education. They have had an impact on individual campuses, within various disciplinary communities, and within various sectors of the educational community. FIPSE offers one of the best returns on the educational tax dollar available. These grants contribute directly to maintaining America's competitive edge in higher education. Whether it is in support for programs in international business education, community service, or those in science and engineering,

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[1] ACM: Beloit College, Carleton College, Coe College, The Colorado College, Cornell College, Grinnell College, Knox College, Lake Forest College, Lawrence University, Macalester College, Monmouth College, Ripon College, St. Olaf College, The College of the University of Chicago; GLCA: Albion College, Antioch University, Denison University, DePauw University, Earlham College, Hope College, Kalamazoo College, Kenyon College, Oberlin College, Ohio Wesleyan University, Wabash College, The College of Wooster; CPC: Dickinson College, Franklin & Marshall College, and Gettysburg College; and associate institutions of the Independent Colleges Office: Allegheny College, Augsburg College, College of St. Catherine, Reed College, and the University of Redlands.

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FIPSE projects represent the type of innovation and imagination that has made this country the world's leader in college and university education.

How does FIPSE achieve this level of success? One key is a staff that encourages creative thinking, who see their role as one of making things happen rather than saying "no." At the same time, they press applicants to consider the larger national context in which an individual project will operate. FIPSE's emphasis on evaluation and dissemination continually makes this link between model reform efforts on a single campus and the national need to improve postsecondary education.

Mr. Chairman, I know that you were a key player in the creation of FIPSE, as was Dr. Newman, my associate at this witness table today. I applaud your vision, and your persistent support for a federal agency that addresses the need for educational reforms to serve a changing society. This is a critical period for education. Perhaps for the first time, we have a national consensus on educational goals. It is my conviction that, as our nation strives to improve education at all levels, FIPSE is poised to take on even greater responsibility in the work of improving postsecondary education to ensure: 1) that our colleges and universities remain of the highest quality; 2) that quality postsecondary education is accessible to all segments of the population; and 3) that our students receive education that allows them to live and work in a world made smaller and more complex by advances in technology.

As this Subcommittee and your Congressional colleagues consider new or revised language for Title X of the Higher Education Act, I urge you to ensure the continuity of FIPSE's distinctive characteristics:

1) that the mandate be "...encouraging the reform, innovation, and improvement of postsecondary education and providing equal educational opportunity for all;"
2) that program priorities be field-responsive, based on educators' suggestions, national reports, patterns of FIPSE applications in recent years--not prescribed from within the federal government;

3) that programmatic flexibility be available to support projects large and small, and the model of the comprehensive program provide the modus operandi for all programs;
4) that support be provided for innovative, bold reforms;
5) that review of proposals at the preliminary and the final stages, and evaluation of funded projects be rigorous; and
6) that dissemination to the larger postsecondary community be an essential ingredient.

The Administration has proposed language for TITLE X in their legislative proposals for reauthorization of the Higher Education Act of 1965.

TITLE X-POSTSECONDARY IMPROVEMENT PROGRAMS

Part A-Fund for the Improvement of Postsecondary Education: The Administration proposes to reauthorize the fund for the Improvement for Postsecondary Education (FIPSE) to maintain the Federal Government's unique role in supporting research, improvement, and reform in postsecondary education. An emphasis would be placed on model development and replication and on FIPSE projects improve(d) accountability. An amount of $14,639,000 would be authorized to be appropriated for fiscal year 1992, and "such sums as necessary" would be authorized for fiscal years 1993-1996.

Part C-Innovative Projects for Community Services: The Administration is proposing to include the purposes of the Student Literacy Corps program (from the current Title I, Part D)[2] in the legislative authority for the Innovative Projects program. The new program would focus on the national need to encourage community and national service, including the need to combat illiteracy. An amount of $6,830,000 would be authorized to be appropriated for fiscal year 1992, and "such sums as necessary" would be authorized for fiscal years 1993-1996.

May I present for your consideration the following language which, from the perspective of the institutions for whom I speak, would define more clearly FIPSE's role in the next five years. This language builds upon, and does not replace, the eight broad purposes (See Exhibit C.) for which FIPSE grants may be awarded, as outlined in the 1986 authorizing legislation.

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[2] Title I-Part D-Student Literacy Corps. The Administration proposes to consolidate the Student Literacy Corps with the Innovative Projects for Community Service program in Part C of Title X. The purposes of the Student Literacy Corps--providing student literacy tutors in the community--duplicates a major purpose of the Innovative Projects for Community Service program. The new combined program would focus on supporting institutional efforts to encourage students to perform volunteer work in response to various social needs, including literacy.

Proposed additional legislative language:

That the following general purpose for the comprehensive program be added to the eight currently outlined in the authorizing legislation:

9) To work with other federal agencies (NEH, NSF, FIRST, etc.) to develop collaborations for educational improvement that cut across disciplinary and sector boundaries, with the goal to improve the content and coherence of undergraduate education.

That the following be used for the authorizing legislation:

TITLE X: Part A-FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION: The Fund for the Improvement for Postsecondary Education (FIPSE) be reauthorized to maintain the Federal Government's unique role in [*improving postsecondary education to serve a changing society.]* An emphasis would be placed on *[the development, evaluation, and dissemination of model projects which address new, creative, more effective and efficient ways to provide postsecondary opportunities to citizens of this nation.]* An amount of $18,170,000 would be authorized to be appropriated for fiscal year 1992, and "such sums as necessary" would be authorized for fiscal years 1993-1996. [*Of the funds authorized to be appropriated would be $250,000 set aside to fund pilot projects, at the level of $10,000 to $15,000 each.]*

Part C-INNOVATIVE PROJECTS FOR COMMUNITY SERVICE: The Student Literacy Corps program (from the current Title I, Part D) be incorporated into the legislative authority for the Innovative Projects program. The new program would focus on the national need to encourage community and national service, including the need to combat illiteracy. [*Current requirements to include debt reduction AND community service shall be eliminated, permitting field design of approaches to encourage community and national service.]* An amount of $6,830,000 would be authorized to be appropriated for fiscal year 1992, and "such sums as necessary" would be authorized for fiscal years 1993-1996.

Part D-SPECIAL PROJECTS IN AREAS OF NATIONAL NEED: The Secretary is authorized to make multiple grants each year in one or more areas of particular national urgency, drawing on an appropriation that is separate and distinct from the other moneys of the Fund, such that applicants under this Part do not compete with applicants under Parts A and C. These areas of national urgency shall be identified by the Secretary and the Director of the Fund according to their usual procedures for identifying funding priorities. The intention of this part is to provide for larger concentrations of grant support in these urgent areas than is normally possible within the context of comprehensive programs of the Fund. An amount of $5,000,000 would be authorized to be appropriated for fiscal years 1993-1996.

These areas of urgency shall be understood to include but not necessarily be limited to the following:

1) INTERNATIONAL EXCHANGES. In light of the national need for a citizenry equipped to live and work in a global society, and in light of the relatively low rate of participation by U.S. students in existing study-abroad programs, it is vitally important to support fresh approaches to international student and faculty exchanges at the postsecondary level, by means of demonstration projects and applied research.

2) CAMPUS CLIMATE AND CULTURE. Distressing cases of antagonism across group lines, together with studies that link the ongoing college drop-out problem to students' alienation from the cultures of their institutions, call for several innovative and well-evaluated efforts to make campus climates more conducive to learning by all students.

3) EVALUATION AND DISSEMINATION. Cutting across the previous issues and all of the other areas in which the Fund has been active, there is an urgent need for mechanisms to ensure that successful practices at one institution can be identified and adapted elsewhere.

In closing, I would like to underscore the high regard that the Fund for the Improvement of Postsecondary Education has within higher education community generally, and the liberal arts community specifically. FIPSE is seen as a catalyst for innovation and improvement; it sets rigorous standards of quality for funded projects; it provides essential initial support for individual projects that become models for reform for the larger community. By many standards, the FIPSE budget is not large. The budget increases we are requesting are based on 1) an analysis of current proposal pressure (this year 2036 preliminary proposals were presented; approximately 80 grants will be awarded), and 2) the recognition of the role FIPSE has taken during the last twenty years and its potential to take a leadership role in strengthening postsecondary education in this country into the next century.

EXHIBIT A

FIPSE PROJECTS--ICO INSTITUTIONS

Augsburg College (MN)--Mathematics and Liberal Arts

Implements a new, non-traditional, two-year sequence of lower division mathematics courses for science and math majors. The courses will focus on major concepts of calculus and linear algebra, breadth of exposure to mathematical ideas, reading and writing in mathematics, and knowledge of cultural roots and influences of mathematics.

College of St. Catherine (MN)--The Community Service Careers Project

Provides opportunities for students to participate in community service. Also reduces student debt through a program of stipended internships in community services. Makes available stipends, credit-based internships at sites which serve either primarily or exclusively women and/or minority clients.

Dickinson College and Tufts University (PA) 1989--Workshop Physics

Adapts and disseminates the interactive introductory physics material developed in the "Workshop Physics and "Tools for Thinking" projects so that they may be used in a wide range of courses at different types of institutions. The project will develop student activity guides, teacher guides, apparatus kits, demonstration and lab manuals, software and videodiscs.

Ohio Wesleyan University--The Ohio University/Crestview Middle School Project

Matches Ohio Wesleyan students with urban Columbus Middle School students in relationships aimed at raising self-esteem, academic performance and consciousness levels. The project involves tutoring, mentoring, and college readiness activities for selected sixth, seventh, and eighth graders. Ohio Wesleyan students are trained in workshops, given materials to study, and attend meetings.

St. Olaf College (MN)--Foreign Languages in the Natural and Behavioral Sciences

Offers students in mathematics and the natural and behavioral sciences a variety of options for doing advanced foreign language work in the content areas of their majors. Collaboration between science and foreign language faculty upgrades the language skills of faculty as well as ensuring appropriate course development. Students completing one of the options will earn transcript certification for the "Applied Foreign Language Component" (AFLC), already available to students majoring in the humanities.

St. Olaf College (MN)--Mathematics Postdoctoral Internships

Establishes postdoctoral "teaching internships" for new Ph.D.'s in mathematics, which pair two teaching interns per year with two experienced colleagues in a mentoring program that focuses on effective teaching strategies, time management, issues of administration, scholarship, and other faculty responsibilities.

EXHIBIT A, continued...

St. Olaf College (MN)--Introductory Calculus

Develops course materials for two semesters of elementary calculus that use computer symbolic manipulation programs. Provides training workshops for faculty and shares project results through publications and a conference.

The College of Wooster (OH)--Computers and Algebra

Incorporates the use of computer algebra systems and symbolic graphing software throughout the introductory materials curriculum, including the entire calculus sequence, differential equations, elementary functions, and linear algebra.

EXHIBIT A, continued...

OTHER SELECTED FIPSE PROJECTS

"Rewarding Good Teaching and Student Performance: Investigating the Link" Rhode Island College, Providence, Rhode Island: A study aimed at demonstrating a linkage between explicit rewards for good teaching and improved student performance.

"College Bound" Boston College, Chestnut Hill, Massachusetts: Creating meaningful access to and retention in a quality four-year college.

University of Connecticut, Storrs, Connecticut: Program creates faculty teams to be trained in assessment methods so they can develop their own assessment instruments.

"An Integrated Diagnostic and Curriculum Development for Entering Freshmen" Chicago State U., Chicago, Illinois: Develops an instructional program for entering freshmen (who are low-achievers and who speak nonstandard English) that integrates the teaching of oral language, reading, and writing.

"France-TV Magazine Project" University of Maryland Baltimore County, Baltimore, Maryland: Uses a monthly French language and cultural video magazine as a resource to address the teaching of foreign language's new paradigm in achieving communicative proficiency.

"Overview, Case Study Physics" New Mexico State University, Las Cruces, New Mexico: Offers a new format for teaching and learning physics at the collegiate level.

"Developing Multicultural, Western Kansas History Curricula for College Courses, for Public Workshops, and for High School Teachers" Fort Hays University, Hays, Kansas: Program develops a multicultural, Western Kansas history curricula that addresses the issue of Curriculum Reform.

"Assessing Student Intellectual Growth Through Writing" Millsaps College, Jackson, Mississippi: Establishing a curriculum-embedded assessment procedure to measure and promote students' development as thinkers and writers.

"Rural Academy of Math, Science, and Technology for American Indians" College of Eastern Utah, Blanding, Utah: Program encourages American Indian students to pursue study and careers in mathematics, science and technology.

"Teachers as Researchers" Burlington College, Burlington, Vermont: Program focuses on the development of innovative approaches to teaching and learning for adult students.

"The Catalyst Program On Research Ethics" Indiana University, Bloomington, Indiana: An interdisciplinary project whose ultimate goal is the development, production, and dissemination of teaching materials on the subject of the ethics of research.

Benedict College, Columbia, South Carolina: Program that formulates, implements, and assesses guidelines governing a teaching evaluation and reward system by utilizing a joint task force of faculty and academic administrators.

EXHIBIT B: Denison University (OH)--A Computer-based Laboratory Curriculum for Economics.

Like many of our colleagues on other campuses, at Denison we had become disappointed by the results of trying to incorporate new technological and pedagogical techniques into individual economics courses. About six years ago, my Denison colleague, Paul King, and I decided to develop and to seek funding for a radical new approach to the teaching of economics--a lecture/laboratory format.

By observing other courses, it had become clear to us that laboratory activity has a significant impact on student understanding of the material--in labs, students have the opportunity to "do" science. In comparison, students in economics are generally taught with a lecture/discussion format with few opportunities to interact with the professor or to "do" economics. Until the mid-1980's, the need for large computational capabilities and data bases made experimentation and research prohibitive for use in undergraduate economics laboratories. However, the recent affordability and user-friendliness of microcomputers, and the accessibility of data bases eliminated these barriers. So our timing was good.

We spent two years developing a proposal. The FIPSE review process is very rigorous. To find time for labs in our curriculum, we had to examine seriously and rethink the objectives of our major and determine how best to accomplish them. The old (pre-FIPSE grant) Denison economics major was like that of most colleges and universities across the country. Students were required to take Introductory Economics, Intermediate Microeconomic and Macroeconomics, Econometrics, and three advanced courses in particular fields. The major was then capped with a senior seminar, which was supposed to be a culminating, integrating experience for the student--bringing together what they had learned in theoretical and quantitative courses by examining an issue in-depth. However, a satisfactory level of integration and application rarely occurred. Theoretical material and statistical techniques were forgotten and inadequate opportunities to apply economic theory in previous courses had ill-prepared our students for the challenge of integration and application. We wanted to bring the teaching of economics in line with the "doing" of economics--to teach economics as a lab science, in a lecture/laboratory format.

In the Fall of 1987, the Department of Economics at Denison embarked upon a joint experiment in major curriculum and pedagogical change, with the support of a $308,000 commitment from FIPSE, a $145,000 pledge from Denison University, and $30,000 from NSF for equipment, FIPSE funded the critical faculty development portion of our experiment, allowing the entire staff to take part in the experiment. Over the next two summers, two teams of five-to-six faculty received summer stipends to develop laboratory courses to accompany their traditional economics courses and release time for the upcoming academic year to implement and evaluate their new courses.

The notion of laboratory was broadly conceived. The labs ranged from computer labs using generic spreadsheet and word-processing programs, to case studies of the Federal Trade Commission, to simulations where students role-played members of the Council of Economic Advisors, to field trips to auto plants in Marysville and Lordstown, Ohio.

The new curriculum requires students to take Introductory Economics, Intermediate Microeconomic and Macroeconomic with their accompanying labs, Econometrics with its lab, and three advanced courses, one of which must have an accompanying lab. The one advanced course with a lab replaces the senior seminar. Students benefit more from this in-depth experience because they have had the opportunity to become computer literate early in their major. By the time they get to advanced courses they are familiar with several generic computer programs; they know how to gather data, test hypotheses, and interpret findings.

The new economics major is clearly preferable to the old major for several reasons. First, the quality of the major has been improved. Students who major in economics take updated traditional and newly developed lab courses which reinforce the material covered in the traditional courses. Second, students develop basic computer, quantitative, and analytical skills necessary for today's economic environment. Third, labs give students an opportunity to learn economics by "doing" economics.. Fourth, the major is now a cohesive whole tied together with a single common thread--the lab--rather than a series of courses taken at random or out of convenience. Finally, the staff has rethought their objectives and how best to achieve them. The labs have put new life into a major, a department, and the students.

How effective is the new major? It is still too early to say conclusively--our first batch of lecture/lab economics majors only graduated this Spring (1991). But evidence shows that the new approach is working: the number of majors has increased despite the more demanding courses; more women and minority students are majoring in economics; the lab serves as a place for students to get support from other students during open hours; and students have even revived the economics honorary society.

The Economics Department at Denison University has been chosen by the American Association of Colleges (AAC) Task Force on Economics Education as one of only two exemplary innovative economics education programs in the undergraduate level in the country. In addition, we have been invited to participate in panels and give papers at eight regional meetings. The staff has published three papers on the subject, developed eleven laboratory manuals, and written two discussion papers. A recent review of our department by an independent advisory team said that we were on the cutting edge of economic education.

We intend to spread the word about our project and about the role for the Fund for the Improvement of Post Secondary Education in supporting our work.

EXHIBIT C: FIPSE'S MANDATE--EIGHT BROAD PURPOSES

1) Encouraging the reform, innovation, and improvement of postsecondary education and providing equal educational opportunity for all;
2) The creation of institutions and programs involving new paths to career and professional training and new combinations of academic and experiential learning;
3) The establishment of institutions and programs based on the technology of communications;
4) The carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;
5) The design and introduction of cost-effective methods of instruction and operation;
6) The introduction of institutional reforms designed to expand individual opportunities for entering and re-entering institutions and pursuing programs of study tailored to individual needs;
7) The introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and
8) The creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

Senator PELL. We now come to Dr. Richard Traina, president of Clark University, who is accompanied by a Rhode Islander, Ed Abrams. Nice to see you.

Mr. TRAINA. Thank you. I am here to speak on the matter of title VII of the Higher Education Act. I would like to thank the members of the committee, past and present, for their continuing interest and concern and support of higher education.

I might just say a word about Clark University. It is the smallest liberal arts research university in America. It was founded first as a graduate school in 1887 and later added an undergraduate college and has a quite distinguished history in research and undergraduate education and several graduate programs.

I am pleased to be representing some 13 higher education associations today, plus the Higher Education Colloquium on Science Facilities, which you recognized has among its membership members of Congress plus presidents of some research universities.

My written testimony includes some information on the critical need of colleges and universities for facilities, some history of the relationship between title VII and campus development, physical development, and some recommendations that had to do with technical aspects of title VII.

I am absolutely confident that members of this committee have read and heard even more than I have about global competitiveness, the technological change that is spurred by that, the related matter of the shortage of scientists and engineers for the future in the United States. These are all well-documented issues. They are a matter of future national welfare.

One major issue related to those is that of keeping and attracting young people in these particular fields. It is intriguing to me the way in which the condition of facilities reflects social values so that when young people go into laboratories and research facilities, if those are deficient and deteriorated, it reflects for them almost unconsciously what value society places on the endeavors that take place in those facilities. The deterioration of facilities on campuses is a well-documented issue; I have included again in the written testimony some information on it.

Members of your staff have also been provided with this document, which I find particularly interesting. These are self-reported deficiencies of research facilities from some 45 institutions. You can imagine that in an age in higher education which is as highly competitive as this one—that is, when we are competing vigorously for good faculty and high-aspiring students, that it is not easy for presidents of universities to identify deficiencies on their own campuses. It is not a popular thing to do. My written testimony cites some examples of my own institution, Brown University, where my son happens to be graduating 4 days from now, and the University of Maryland. But they are simply examples of things that are happening across this Nation from campus to campus.

The fact is that the research endeavors which lie behind the capacity of this Nation to compete need people, they need equipment, and they need facilities.

Title VII of the Higher Education Act is crucial to correcting these facilities deficiencies. From 1965–78, more than 4,000 facilities on almost 1,900 campuses were provided for with assistance

from the Federal Government. Some $750 million annually was spent during that period on campus facilities. Those were provided for because the Federal Government made available funds which then leveraged State and institutional matching moneys, and that is an important point to make. At that time, colleges and universities could not afford to construct those buildings without Federal assistance. They cannot now afford to replace them or renovate them without such assistance.

The only programs we now have available to us are the title VII $30 million loan program and the NSF $20 million academic facilities modernization program, which you may recall is not present in the administration's budget but which I am hopeful Congress will provide for.

It is not as though Congress is not expending funds on campus facilities. Some $500 million is being expended this year on earmarked projects. The question I have is are these moneys being most effectively spent, and are they adequate. The backlog of unmet needs makes clear that they are not adequate.

But I think the lack of merit-based competition, even while some of the earmarked projects have certainly been meritorious, leads to some problems, and I would really enjoy being asked a question about that one.

I am confident that if there is a serious facilities funding program of the Packard Bromley sort that was proposed some 5 years ago, that this would greatly reduce any efforts on campuses to seek earmarked funds or to accept earmarked funds.

There are, then, in conclusion, I think, three problems. We have previous sources of funds that are now inadequate. We have increased requirements when building facilities, and we have inflated costs. Therefore, we need once again some assistance from the Federal Government. Thank you.

Senator PELL. Thank you very much.

[The prepared statement of Mr. Traina (with an attachment) follows:]

PREPARED STATEMENT OF MR. TRAINA

I am Richard P. Traina, President of Clark University in Worcester, MA. I welcome the opportunity to speak in support of title VII of the Higher Education Act. Mr. Chairman, I would begin by thanking you and your colleagues for your steadfast support and leadership on behalf of higher education.

Before turning to the specifics of the critical needs facing our universities and colleges for facilities, I want to offer a brief comment on Clark University, especially our commitment to undergraduate education. Clark is both a liberal arts college and a research university. Founded in 1887 as a graduate school, it is the nation's second oldest graduate institution. Our undergraduate college opened in 1902. Today, Clark University has less than 3,000 graduate and undergraduate students from 45 states and over 70 countries. Despite its small size, the University conducts internationally-recognized research in, among other areas, chemistry, psychology, and geography, while ranking in the top two to three percent of institutions whose students later go on to earn doctorates in the sciences.

I am grateful for the opportunity to appear before you on behalf of 13 major education associations and the Higher Education Colloquium on Science Facilities—a group that has been in existence for one year and includes members of Congress and university presidents. My testimony will briefly describe to you the critical needs for facilities on our nation's campuses, the unique role of title VII in meeting those needs in the past, and our specific recommendations for changes in title VII and its funding levels.

THE CRITICAL NEEDS FOR ACADEMIC FACILITIES

I need not remind this Committee that the well-being of our nation depends on a skilled and educated workforce. Global competitiveness is driving technological change that is continuously increasing the requirements for advanced training. Unfortunately, the U.S. competitive position is vulnerable. There are serious signs of erosion, in particular our ability to provide an adequate supply of our own future scientists and engineers. Let me just cite some indicators of this erosion:

—Nearly 50 percent of those entering our graduate programs in mathematics and engineering are foreign students.
—The United States now trails France, West Germany, Japan, and the United Kingdom in the percentage of students selecting engineering as their first degree.
—We are behind all but Japan in the percentage of students selecting the natural sciences.
—Shortages of new faculty in many fields of science and engineering are already upon us.

In other words, these signs warn us that we should no longer take for granted that our colleges and universities will supply the scientific and technical personnel needed for global competition in the future.

A major factor that affects our ability to meet the needs for advanced training is the state of academic facilities. While it is hard to quantify, we know that the ability to attract good faculty in the sciences and engineering depends on the ability to offer them state-of-the-art research facilities.

We have testimony from university and college administrators that deterioration of facilities has caused research experiments and programs to be destroyed, postponed, delayed and canceled. The effects of facility obsolescence or unavailability extend beyond missed research opportunities. It affects both attraction and retention of first-rate faculty and students into the field of science, resulting in an erosion of a critical national resource.

One study entitled The Decaying American Campus: A Ticking Time Bomb presented the stark facts on aging and deteriorating facilities on our campuses. That report, published in 1988, was prepared by the Association of Physical Plant Administrators, the National Association of College and University Business Officers, and Coopers & Lybrand. According to the report:

—Overall higher education's needs for capital investment in facilities exceeds $60 billion.
—Of this amount, about $20 billion is for urgent or priority needs, which means that if these repairs and renovation were left undone, facilities, and in some cases, their users, are at risk.
—The $60 billion backlog in higher education's infrastructure does not include the costs of complying with state and federal regulations concerning such matters as PCB and asbestos removal, hazardous waste disposal, leakage from underground storage tanks, or the costs of compliance with new legislation on clean air and access for the persons with disabilities. If it did, the figure would exceed $100 billion.

You may wonder how a problem of this magnitude came about. After World War II our universities expanded dramatically, and, in fact, provided the basis for the explosive growth the U.S. economy enjoyed for at least a generation. However, the rising cost of educating students, resulting mainly from inflation and the higher costs of research, led most universities to defer maintenance on the massive and unparalleled construction that had taken place earlier, much of it government supported.

The cost of replacing and renovating this space over the years will be enormous, and the price continues to rise. Much of our plant was built before inflation and soaring energy costs of the 1970's, never mind the increasing cost of meeting regulatory requirements. New facilities frequently require much greater capacities for such factors as power, heating, cooling, and ventilation, and telecommunications. For our research facilities alone, according to a recent National Science Foundation survey, the backlog of deferred construction and maintenance is $12 billion.

Sometimes, in our analysis of aggregate data, we lose sight of what is at stake. Allow me, therefore, to tell you about the condition of Clark's campus. I am much happier telling you that in the last seven years we have expended almost $40 million on new construction and renovation of our facilities; yet we still have some $20-25 million in facilities needs at present. The truth is that some of our laboratories,

in which we are training tomorrow's teachers and researchers, are not in the condition they should be. One, built thirty years ago—a state-of-the-art facility when it was constructed in 1961—has an inadequate ventilation system that will not permit students to experiment with certain chemicals. When the building's roof recently leaked, the rain damaged sophisticated, scientific instruments, and led to a five-month delay in research.

This is all too common. I have here a list of the self-described infrastructure deficiencies at 45 schools. I encourage this Committee to consider it.

Mr. Chairman, at Brown University, for example, from which my son will graduate in four days, according to researchers there, the aging engineering and physics building cannot accommodate expansion into new topical areas, including thin films, robotics, and lasers. As you know, these technologies will provide the most promising new industrial applications in the twenty-first century. They belong in Rhode Island. They must be in the United States, if we are going to remain competitive.

At the University of Maryland, another institution on the list I referred to earlier, some of the science buildings have antiquated air conditioning systems that require shut-downs for cleaning, thereby adversely affecting research in biochemistry and the animal sciences. According to University administrators, the inadequacy of these facilities has prevented the microbiology program from beginning serious work in new biotechnology areas.

These are just three examples of excellent institutions that have outstanding faculty-researchers, the most sophisticated equipment, but whose facilities, sadly, are not up to par. Mr. Chairman, the basic research upon which our future national vitality depends, requires investments in people, equipment, facilities.

The Unique Role of Title VII

In this context, the Higher Education Act is crucial. Historically, title VII of the Act, which provides funding for academic facilities, antedates the 1965 law. It was originally enacted as the Higher Education Facilities Act of 1963, and was incorporated in 1965 as title VII. From 1965 through 1978, title VII, together with state and institutional matching, funded 4,028 facilities at 1,858 institutions at a total development cost of $10.5 billion, or about $750 million in facilities annually. These amounts may not seem significant in terms of today's costs, but in those years, they were a significant contribution to meeting our needs.

The situation from the mid 1960's to the late 1970's contrasts with the virtually nil title VII funding available since then. The only funding currently available is a $30 million borrowing authority for college housing and academic facilities loans, which the Administration proposes to eliminate. Unfortunately, the only general-purpose facility funding program available in the past 20 years, NSF's Academic Facilities Modernization Program, has been funded at less than 10 percent of its $250 million authorization level. Furthermore, this year it was zeroed out in the Administration budget, though I hope that the Congress will continue the program.

In these circumstances, it is not surprising, if distressing, to find colleges and universities turning to the practice of obtaining funds through earmarking. The fiscal year 1992 budget documents close to $500 million of earmarked funds for university and college projects. Even though many of these projects have, indeed, been meritorious, it would be far more beneficial if such funds were subject to an open, fair process of selection rather than determined by how much one spends for Washington lobbying. Moreover, I believe and many of my colleagues concur, that if the Congress would fund a serious facilities program along the lines described in the Packard-Bromley Report of 1986 that most universities would refrain from efforts at earmarking. Such a program should of course, accommodate the needs of liberal arts colleges, emerging universities, historically black colleges, as well as our major research universities.

To sum up the facilities problem, then, what we as a nation are facing is reliance for an educated workforce on a system that is being squeezed in three directions: drying up of traditional sources of revenue for financing facilities, increasing requirements, including regulatory, on those facilities, and inflation in costs of repair renovation, and replacement.

Recommendations for Changes in Title VII

The groups on whose behalf I am testifying today feel strongly that action on the academic facilities problem is crucial. The coincidence of the reauthorization of the Higher Education Act provides an opportunity to reassert needed federal leadership in this area.

We have two principal recommendations: providing more funding and providing greater statutory flexibility for title VII. Let me address the statutory provisions first.

For the part A grant program, which is used for making awards for undergraduate academic facilities, we propose a number of changes.

First, grants should be permitted for projects deemed by reviewers to be of a high priority but which are not explicitly mentioned in the statute.

Second, the existing priority relating to library and research facilities should emphasize the use of new technologies and the preservation of library materials.

Third, new construction projects should also be made eligible for funding, although we agree that renovation should certainly remain a priority.

Fourth, we feel the provisions for distributing grants through the states is no longer necessary or appropriate, given the reduced levels of funding. We favor making grants directly to institutions on a competitive-reviewed, merit basis. We therefore propose that the simpler award mechanism of part B graduate facilities funding, be made applicable to part A, to replace its elaborate system of state plans and state allotment formulas.

Fifth, loan programs in part C (for academic facilities) and part F (for housing and other facilities) should be consolidated and the waiting period for loan recipients reduced from ten to five years.

Although the changes we recommend are important, the crucial need is for funding. We recognize that the federal government cannot come close to meeting the magnitude of the need, but it can lead by providing a source of continuing, merit-based funding. This could accomplish two important goals:

—First, and very important, it would help mobilize other public and private resources.

—Second, it would provide a sounder policy that recognizes exigent national needs for allocation of scarce resources, which the earmarking process cannot do.

—We ask that $50 million be authorized for part A and $50 million for part B for the first year. And we urge the Committee to increase this amount in subsequent years, given the magnitude of the needs in universities today.

For the loan programs, we recommend that a combined authorization ceiling be set at $100 million for part C and part F.

We feel that these recommendations are consistent with the Congress' past commitments to higher education goals and to maintaining U.S. competitiveness. I thank you for your attention, and would welcome any questions you might have.

University Research Facilities:
A National Problem Requiring a National Response

The Ad Hoc Committee on Academic Research Facilities

Association of American Universities
National Association of State Universities and Land-Grant Colleges

June 1989

Introduction

The National Science Foundation shortly will submit to Congress a report on academic research facilities. The report will address questions posed by Congress last year in the Foundation's FY 1989-FY 1993 Authorization Act, which, in part, established a new NSF Academic Research Facilities Modernization Program. Recently, in preparation for that report, the Foundation's Research Facilities Office invited AAU and NASULGC to address several issues related to research facilities needs of universities. In late April AAU and NASULGC prepared and distributed ten questions (Appendix A) to the executive heads of 56 AAU member institutions and the NASULGC legislative network with a request for a response within two weeks; 45 universities responded (Appendix B).

On May 17 an ad hoc committee (Appendix C) met with Mr. Richard Green, Director, and Mr. William Cole, Executive Officer, of the Foundation's Research Facilities Office. The Committee, informed by the responses of our member institutions, then prepared this brief response to the Foundation's request for the associations' views. Volumes could be written in response to the questions posed; in fact, several already have been written, and so we do not intend to replow fit ground. Instead, this summary statement attempts to restate briefly the context and consequences of the academic research facilities deficit, to highlight the factors contributing to the problem, and to suggest an appropriate policy framework to respond to it.

The associations extend their appreciation to all who answered their request for assistance. The Ad Hoc Committee made extensive use of those responses.

APPENDIX E

STATEMENTS BY PUBLIC AND PRIVATE UNIVERSITIES ON RESEARCH FACILITIES NEEDS IN SIX FIELDS

Biological Sciences 1
Chemistry 6
Engineering 9
Environmental Sciences 15
Materials Sciences 16
Physics 17

Biological Sciences

BRANDEIS UNIVERSITY

Further research programs in these areas are hampered at Brandeis University. There is now no further available space anywhere in the current buildings for increased research activities due to limitations on the facility. Currently, hallways are being used for desks, freezers, refrigerators, centrifuges and other equipment. The last shell space is being renovated to house a new Structural Biology group. Teaching labs, where possible, are being converted to research space.

CASE WESTERN UNIVERSITY

In the area of genetics, until recently research using animals was focused on drosophila (fruit flies) and bacteria in culture. Recent breakthroughs have made it possible to move to a mammalian model (the mouse) but very large colonies are required. Until an institution can find the resources to invest in the animal facility environments to support such laboratory animals, research cannot be conducted in this area. Although limited, support for animal facilities improvement or creation of facilities for AIDS research from N.I.H. has been a very important government initiative to help make this type of research possible.

THE JOHNS HOPKINS UNIVERSITY

AIDS: A large program of AIDS and AIDS-related research at Johns Hopkins is limited and impeded by obsolete facilities, and modernization and renovation funding is largely unavailable. Research involving the live HIV virus requires P3 (Physical Containment Level 3) laboratory facilities: isolation laboratories with negative air pressure control and maintenance capability; air locks; emergency isolation capability; separate and isolated ventilation systems; lockers and showers for staff; special aerosol containment hoods; non-public thoroughfares and hallways; etc. The present Hopkins research faculty would probably expand AIDS research activities to nearly double its present level (approximately $30 million annual expenditures) if it were possible to upgrade present facilities. Faculty simply do not respond to requests for research proposals in areas of high interest to them because of facilities limitations. The effect of this is that much potentially important AIDS research is either deferred, not done at all, or not done as rapidly or as well as it might be done.

MICHIGAN STATE UNIVERSITY

Modern molecular biology is becoming a powerful tool in basic animal sciences. Our facilities are so primitive in this department that two young faculty have lost much time trying to set up laboratories that will sustain their competitiveness.

Our departments of Microbiology and Public Health, Anatomy and Physiology are in obsolete buildings handicapping both the quality of research and the size of the graduate student and postdoctoral enrollments we can accommodate.

NEW YORK UNIVERSITY

In our Biology Department, a number of research efforts are hampered by inadequate facilities. In some areas of biological research, investigations are hampered by the lack of up-to-date central facilities, including a DNA sequencer and synthesis facility, and a spectro-fluorimeter. In plant molecular biology and plant systematic biology, greenhouses are an essential facility; in the absence of a modern greenhouse, our biology investigators are unable to pursue research in this area.

UNIVERSITY OF CALIFORNIA

Less than 50% of the available research space is "suitable for use in the most highly developed and scientifically sophisticated research in its field," according to input provided by S/E units. Research is most upgraded with institutional funds in connection with recruitment and retention of faculty. Little upgrading can be accomplished through research grant funding. We need augmented funding levels to expand our program of renovations to include the utility and service infrastructure within buildings. One of our middle-size bioscience units (not included in the three-phase bioscience space upgrading) has described the departmental situation as follows:

Controlled Temperature and Clean Air In Laboratories (Highest Priority)

Controlled temperature in our laboratories is now even more important than in the past. Modern research instruments such as our recently acquired Fourier-transform infrared (FTIR) and inductively coupled plasma (ICP) spectrographs require environments with very limited temperature range to perform optimally. Although air conditioning is rarely needed for comfort in Berkeley, these instruments with their highly precise optical systems and associated computers do require it. Studies of soil water transport, water extraction, measurement of soil water potential, soil rheology and soil microbiology all require controlled temperature environments. The department presently has only one very small constant temperature room to accommodate these activities, and this facility has a history of being inoperative for very long periods (over 1 year in one episode), apparently because of the difficulty in obtaining parts for an obsolete system.

The air blown into labs and offices by the Hilgard ventilation system is extremely dirty. Improvised filters put over outlets are inefficient expedients. They are overloaded with particles in a short time. The fiberglass filter over the air outlet above the computer where I am now sitting has reached "breakthrough" in less than four weeks.

Fume Hoods with Acid Traps (Very high priority)

Digestion of soil and plant materials requires strong reagents and high temperature. At present there is only one hood in the department with a perchloric acid trap and which is equipped with scrubbers to remove nitric acid fumes. The provisions for trapping the potentially explosive perchloric acid and corrosive nitric acid fumes were improvised with department resources. While this one arrangement is effective, it is clearly inadequate for the department's needs. All department laboratories doing wet chemistry should have hoods with acid filters/traps for safety, environmental protection and preservation of the ducts.

UNIVERSITY OF CALIFORNIA - LOS ANGELES

Studies in basic and applied molecular biology in relationship to developments in biotechnology are being impaired by the lack of modern facilities. Such facilities require special fermentation facilities, special environmentally controlled areas and the modern laboratory systems that meet the regulatory requirements that have been recently promulgated in this area.

THE UNIVERSITY OF IOWA

Outdated facilities are impacting adversely on the University of Iowa's undergraduate and graduate education programs. For example, in biology, as intensive laboratory training in molecular techniques is required for large numbers of undergraduate students, classroom laboratory space once used only for desktop experiments must be remodeled and rewired to handle multiple centrifuges, power packs, refrigerators, personal computers, tissue culture and chemical hoods. The problem is repeated in each of the University's science and engineering departments for which a myriad of automated and electronic equipment is essential for basic undergraduate laboratory instruction.

The eventual proof of the biologic process is the living animal. As our knowledge increase, so the effects of the various agents and insults are becoming clearer and the demand for clean, pathogen-free animal space is increasing. Added to this is the provision for transgenic animals, in which the ultimate test of the new DNA-technology is conducted.

Researchers in our biomedical area, particularly in our internationally renowned cardiovascular research center, must presently delay or forgo studies utilizing dogs and primates because of the current limited capacity of existing facilities. Proposed U.S. Department of Agriculture regulations will require a doubling of space for housing and exercise of dogs and primates. In addition, there is a critical need to develop specific facilities for the use of transgenic mice, containment of pregnant sheep, and improved and expanded aseptic surgical research facilities. These are all examples of the important needs to improve the infrastructure for health related studies. It is estimated that the University of Iowa will need to invest $6.4 million in improvement and expansion of animal facilities to comply with regulations and to meet the expanding biomedical research needs. This investment is in addition to $6 million that has been spent by the University since 1979 to bring the University into compliance with USDA regulations and PHS guidelines.

UNIVERSITY OF MARYLAND

On our campus, some of the buildings have air conditioning powered by steam; this arrangement results in shut-downs for the cleaning of the equipment and in outages, when power is interrupted. This antiquated set-up adversely affects research endeavors in biochemistry and in the animal sciences.

Our microbiology program was housed for years in an antiquated building with make-shift arrangements for new research requirements. Clearly, the inadequacy of the facilities prevented the department from beginning serious work in certain new biotechnology areas.

UNIVERSITY OF MINNESOTA

Antiquated animal research facilities are blocking research using appropriate animal models in biomedical fields, in modern work on livestock production, and in investigations of certain animal diseases in veterinary medicine. Moreover, in the biological sciences, work on the genetic engineering of fish and other aspects of basic fish biology is impeded by lack of good space to rear and maintain the fish. Recently some makeshift facilities malfunctioned and we lost some very important specimens, setting back our work significantly. Also in the biological and agricultural sciences, greenhouse space for basic studies in plants is completely inadequate. Two of our "research" greenhouses are deteriorated so badly that they cannot be renovated; we are critically concerned that this not be allowed to happen to the others which now badly need renovation. Our plant sciences research is greatly impeded by this problem. Often the next logical experiment simply cannot be done due to lack of facilities.

In many of our research programs in psychology, in the social sciences, in the biological sciences, the physical sciences, and in the biomedical sciences we have had to resort to renting space in the community. This allows us to acquire space that is adequate to support the research function, but it impedes the development of the research program because it isolates people from others with whom they should be interacting. This has become a critical problem for us in some programs.

UNIVERSITY OF PITTSBURGH

Obsolete X-ray crystallography facilities and equipment in our Departments of Biological Sciences and Crystallography, and in our medical school's basic science departments constrain and impede various research projects on protein structure being conducted at our University.

Our Departments of Biological Sciences and Behavioral Neuroscience are in need of a central animal housing facility and state-of-the-art tissue laboratories in order better to capitalize on the talents of their faculties and graduate students.

UNIVERSITY OF SOUTHERN CALIFORNIA

All of the Department of Biological Sciences portions of Geological Sciences and Chemistry are housed in the buildings listed above and the research and educational programs offered by these departments is being adversely affected by the inadequate and/or obsolete facilities. A few examples:

In Marine Biology we are trying to expand an exciting research effort which combines biochemical, microbiological and molecular techniques in the study of the

early developmental stages of invertebrate organisms. In addition to basic science, the work has significant application in biotechnology and agriculture. However, the research is being severely hampered by obsolete facilities. All of the laboratory bench-tops are coated wood and unusable or incompatible with the use of chemicals, stains, and radioisotope tracers routinely used by the faculty and graduate students. (Chemical hoods in the building no longer meet code requirements for many acids are highly volatile or toxic substances.) The laboratories are not air-conditioned and become unbearably warm in summer months, to the inconvenience of researchers and the detriment of computers and electronics. Expansion of the program can only be done as labs in the building are renovated at considerable time and expense. The Molecular Biology program is housed in buildings now more than 25 years old and in need of extensive renovation of the hood ducting, air supply system, benching and countertops (which contain an asbestos impregnated epoxy) and laboratory layout. The lack of adequate laboratory facilities is adversely affecting the development of this very important component of the Biological Sciences. Without well-equipped, modern facilities, the Section is at a disadvantage in the recruitment of both junior and senior level faculty. The program has critical deficiencies in the areas of molecular, cellular and developmental biology, and we are trying to fill this need by building research efforts in gene control during development, cellular growth controls and communication between cells and signal transduction. However, these efforts are limited by the poor quality of the existing research space and, again, extensive renovation must occur before we can proceed.

THE UNIVERSITY OF TEXAS AT AUSTIN

Molecular Biology: Life sciences at UT reside in the traditional departments of Botany, Microbiology, and Zoology and in the Divisions of Biochemistry and Nutrition. The life sciences, biochemistry, and nutrition groups have, over the past 10 years, attempted to develop programs in molecular biology. The major problem has been recruiting new faculty in the absence of modern facilities to support molecular biology research. The Department of Botany, with a #1 ranking nationally, is housed in a building constructed in 1932, and the Department of Microbiology and approximately half of the faculty in the Division of Biochemistry are housed in a building constructed in 1954. The Division of Nutrition is housed in a building that does not have the support facilities for modern wet-bench research. The Botany building does not have the support facilities for modern research, nor is it feasible to renovate the building to conduct modern molecular biology research. The building that houses the Department of Microbiology and some of the biochemists can be renovated to support molecular biology research; however, the estimated cost for renovation is $16 million. The Department of Zoology (ranked #7 nationally) is housed in a building constructed in 1968. Although this building is suitable for molecular biology research, there is need for substantial renovation for existing faculty as well as for new faculty.

Molecular biology development at UT has the highest priority. Approximately $65-$75 million is required to construct new facilities for molecular biology and to renovate existing buildings for life sciences and biochemistry. Current plans are to construct a new molecular biology building at an estimated cost of $25 million; however, this will not address the renovation needs of the existing life science

departments and the Division of Biochemistry. The consequences of obsolete space for the life sciences are that the nationally ranked programs will decline in quality; faculty will leave and recruitment of the best faculty will not be possible.

Many scientists on our campus have the capacity to contribute to the human genome project but lack the necessary equipment, modern laboratory facilities, and automated instruments (such as an automated DNA sequencer and robotics) to compete successfully with other laboratories in the world.

The revolution created by recent developments in molecular biology will permanently change biology, agriculture, and medicine. Given our lack of state-of-the-art molecular biology research facilities, however, we are not in a position at the present time to be a major research force in this field. Other universities are in similar circumstances, making our overall national effort weaker than many existing programs in Japan and Europe.

YALE UNIVERSITY

Deteriorating and obsolete greenhouses inhibit ongoing research in plant molecular biology, an investigation important to our understanding of plant genetics as well as to advances in practical agriculture.

In cell biology, an imperfectly functioning temperature control ended a fifteen-year-old experiment by destroying a genetic stock collection of fruit flies. Although valuable results had been obtained from the experiment, its premature termination required additional expenditures and a three-year delay to partially replicate lost materials.

Chemistry

CARNEGIE MELLON UNIVERSITY

The major place in which we have had an adverse effect is in the teaching of chemistry. We have a brilliant new idea for education that will increase the number of majors in both high school and college for chemistry. Unfortunately, in order to implement our ideas, we need a modern facility. We also have some original ideas on ways in which new laboratories should be constructed. We are trying to raise $7 million to proceed with this project. In the meantime, the idea is languishing, and we are not doing as good a job as we could for the education of chemists.

The chemical industry is worrying about the future supply of chemists, because this area is no longer drawing the numbers of students at either the undergraduate or graduate level that are needed by the industry. Obviously, this industry remains an important one for the United States.

CASE WESTERN UNIVERSITY

In the area of polymers, laboratory facilities for structural analysis do not require heavy wet chemistry facilities and related mechanical support systems. Cutting edge research in this area has now moved to synthesis and/or creation of polymers such that new wet chemistry facilities are required. Provided for increased air changes in a new

laboratory located in a 1950's building, with limited mechanical capabilities, is very difficult. Achieving full research activity potential and maintaining safe environmental conditions and also very difficult.

THE CATHOLIC UNIVERSITY OF AMERICA

The overall chemistry program will require two large pieces of equipment to determine structure of complex and molecules: a hi-field NMR spectrometer for work in Biochemistry and a hi-resolution mass spectrometer for research in Organic chemistry. It will be impossible for CUA to compete in research involving molecular structure without these equipments. Each system will cost at least $500,000. CUA does not have the ability to purchase large equipment in this price range, nor is it in a position to do so even if a 50%-50% cost sharing is required.

COLORADO STATE UNIVERSITY

The Chemistry Building is an example of the pending needs on this campus. Storage space for chemicals and supplies is grossly inadequate. Supplies are stored in cabinets in hallways, thus exposing students and faculty to potential problems. Disposal of chemicals is borderline at best, according to current standards. Equipment in many cases has been given the "bandaid" fix, and requires daily tinkering to keep it operational. Library and study space in the building are grossly inadequate; classrooms are overcrowded.

Another negative effect of the facilities problem in the Department of Chemistry is the University's ability to retain outstanding faculty and attract reputable new faculty. In both retention and hiring situations, we are told by the faculty that we would fare better in this competitive arena if better facilities existed. Typically, we can cope with the salary demands of the faculty. It is the need for facility upgrade and/or replacement that is most difficult to accommodate.

IOWA STATE UNIVERSITY

At Iowa State University we do have programs that are severely affected by obsolete research facilities. In chemistry, traditionally one of the strongest programs at Iowa State University, we are in the midst of a major renovation project of our core chemistry facility. Our present facility of more than 200,000 square feet houses more than 30 chemistry research groups. Unfortunately, our chemistry research groups are concentrated in areas of traditional strength at Iowa State (materials, sciences, organic chemistry, etc.) and because they occupy all present space we are limited in our ability to grow chemistry research activities into new areas where interdisciplinary research is required. For instance, we have a strong interest in developing a natural systems chemistry program that will support and enhance our movement into fundamental agricultural research. To do this we need facilities and equipment on a relatively major scale. We are unable to provide such facilities or equipment, in spite of massive state investment, and as a result we feel that certain new knowledge producing environments will not be created, and as a result certain critical knowledge may not come about. It's important to remember that it's not as if we can eliminate our existing chemistry program, which is successful both in terms of research and in terms of teaching, to move into new areas because we cannot. We have developed ongoing

streams of knowledge and student production that justify their continuation. But now to move into broader and more interdisciplinary programs linking chemistry with other activities on the campus we find that we are severely facilities and equipment limited. In our opinion this does result in an impedance of the research enterprise.

THE JOHNS HOPKINS UNIVERSITY

Molecular and atomic chemistry research at Hopkins is hampered by lack of adequate facilities to house modern equipment, such as state-of-the art NMR and X-ray diffraction instruments. This situation is compounded by the difficulties in computer/information networks and similar systems. This adversely affects research involving, for example, DNA chemistry, polymers, and advanced materials, each of which is a critical area of technology for the nation.

UNIVERSITY OF PITTSBURGH

Very recently, one of our senior organic chemists who pioneered the field of molecular recognition, a field of widespread interest and application, left the University for another institution because we were unable to provide him with adequate research facilities and state-of-the-art equipment needed to establish an Institute for Molecular Recognition.

UNIVERSITY OF ROCHESTER

Funding was recently received for an NSF Science and Technology Center in Chemistry: in order to house the Center, major renovation, $900,000 of costs, must be done in an existing building. Only $250,000 of that cost was funded by the grant; the institution must bear the rest of the cost.

UNIVERSITY OF SOUTHERN CALIFORNIA

There are a number of exciting new research opportunities in organic and organic-metallic chemistry which the faculty of Chemistry would like to exploit but find themselves handicapped by the aging and inadequate laboratory facilities available. Although a few of the laboratories have recently been improved, the majority of the hoods, ducting and air supply system is substandard and in some cases no longer meets code requirements. The problems related to laboratory facilities are not only restricting the expansion of existing research programs, they are increasingly becoming a major hindrance in the recruitment of replacement and new faculty. At the present time we are losing one junior professor because of problems related to the research space.

UNIVERSITY OF TEXAS AT AUSTIN

Some of our programs in organic, inorganic, and physical chemistry are being impeded because of the facilities in which they are being conducted. The laboratories were constructed in the early 1960s and are not equipped and configured to support modern research in these areas. Their renovation is sorely needed to address issues of safety and research productivity. For example, some experimentation currently must

be moved to a different area of the building where hoods and other laboratory facilities can support the work to be done. This is particularly true of materials science research in which highly toxic and dangerous materials are under investigation.

UNIVERSITY OF WASHINGTON

In January 1988 the University of Washington retained two prestigious architectural firms, the NBBJ Group and TRA Associates, to study its science and engineering facilities. Among the conclusions reported by this study are the following:

The need for additional space for science and engineering at the University of Washington in the next 15 years totals 527,000 assignable square ft. (ASF) under a "no growth scenario", or 867,000 ASF under a "modest growth scenario". These numbers correspond to an increase of 32% and 52%, respectively.

The physics building was described as follows: "Physics Hall, built in 1928, is the main physics laboratory and teaching facility at the University of Washington. It is unfit for the conduct of modern science. It lacks the capability to accommodate heavy equipment in laboratories and would require major structural improvements to handle additional floor loads and meet seismic standards. Other problems pose threat to the safety of its occupants; unenclosed exit stairs would act as chimneys in event of a fire; adequate electrical power is not available in many laboratories; and some labs illegally vent into corridors." Bagley Hall, the building which houses the Department of Chemistry, is, in general, in worse condition than the physics building.

Engineering

BROWN UNIVERSITY

Our engineering and physics building is over 20 years old and can not accommodate any expansions into new topical area, e.g. thin films, robotics, and laser applications.

THE CATHOLIC UNIVERSITY OF AMERICA

In the School of Engineering, it is desired to expand a strong and well-supported program in underwater acoustics by the U.S. Navy to a much needed area of architectural acoustics. The present sponsor is not interested in this expansion and the University is in no position to provide the one million dollars necessary to provided the equipment to initiate the program. Were the facilities developed, there is no doubt that it would attract ready sponsorship. Similarly, modest programs in robotics and active control of structures can only be fully developed with the infusion of equipment monies of similar magnitude.

CORNELL UNIVERSITY

An example of a major program at Cornell University which is adversely affected by obsolete research laboratories is the School of Electrical Engineering. This school occupies a building which was built in the mid-1950's in order to house a planned, much larger program in undergraduate education. The planning did not include any

element of research facilities. Over the past 30 years the School of Engineering has evolved into one of the leading research departments in its field in the United States. The research function, including office space for graduate students, postdoctorals, research associates, shops and research laboratories was shoe-horned into the existing building, or, in some cases, laboratories were placed in off-campus locations or in other buildings. As research and instructional pressures mounted due to the increased student interest in electrical engineering, space devoted to instruction shrank. One consequence was the reduction of the required junior-year laboratory course from five hours per week in the laboratory to three hours per week. This allowed twice as many laboratory sections to be taught. Instructional material was taken out of the course in order to complete it in three hours instead of the five previous. Subsequently, the two-semester sequence was reduced to a single semester and additional teaching laboratories which were used for specialized senior-level courses were merged or eliminated. The research laboratories, being placed in former classrooms, instructional laboratories, offices, and so forth are totally inadequate. They generally have no humidity control, no air conditioning, and so forth, which makes use of electronic equipment difficult on hot days. Research space per faculty member in the school is less than 500 square feet, and compared to about 2000 square feet in comparable departments. As a consequence, the magnitude and quality of research and the quality of undergraduate instruction which is done in this school, an area vital to national competitiveness, is severely limited by inadequate space.

As a consequence of this situation and similar pressures in other departments in the engineering college, the college prepared a master plan for meeting space needs. The first element of this master plan was to have been construction of a laboratory building for the School of Electrical Engineering. Because of immediate time pressures to house the new supercomputing facility, the college's space needs were placed second in priority. Even though the college master plan was created three years ago, it now appears that it will be at least five to ten years before resources can be found to begin construction on a laboratory building for electrical engineering. In this school, the space pressures on both teaching and research will therefore have spanned the entire professional careers of a generation of faculty members.

A third area of need is closely related to the microelectronics area of the School of Electrical Engineering. The university is currently trying to organize joint university/corporation efforts for research on optoelectronics, electronic packaging, production of semiconductor devices, and advanced lithography. Those strategic liaisons with corporations envision environment which will contain both open research by university people and collaborative research conducted by employees of several different corporations. Corporations might also be able to rent space in an adjacent facility to do their own proprietary work. In this particular case, it may be feasible to pay for the needed space by the program revenues, although it will be a substantial challenge to provide this space on the required time schedule (about 18 months). If we are unable to provide this space, the chance for major industrial collaborations which could affect the national competitive picture in these important areas will be severely compromised.

MICHIGAN STATE UNIVERSITY

In engineering we have been so short of laboratory space we were unable to recruit faculty with active research programs. We purchased a commercial facility several miles from the campus and adapted it to serve as a turbulence laboratory. We built a temporary structure of 66,000 square feet about one mile from the Engineering Building in which to develop laboratories and finally we have received state bonding funds to double the size of the present Engineering Building. When this addition is completed in late fall of 1989 we will begin renovation of the old wing. This should be completed in 1991, but the total facility will not provide all the Engineering departments with research space needed.

MISSISSIPPI STATE UNIVERSITY

Aerospace Engineering - education programs are adversely affected because of restricted instructional laboratories, lack of faculty office's, and inadequate air conditioning resulting in excessive computer down-time. The problem of asbestos removal must be addressed (this is true for many buildings, instructional, research, and administration - across campus). Some research, faculty, and instructional space will become available when new construction is completed in the Research Park complex; however, this space cannot be effectively utilized unless and until a fully working computer networking system is in place.

The department's Raspet Flight Laboratory, located some miles away from the campus, was built in the early 60's. Continuing renovation is required to keep this aging facility operative. As the university's aerospace research programs increase, the available space in the nearly 40-year old facility becomes more cramped and less efficient.

The Diagnostic Instrumentation Analysis Laboratory (DIAL) develops advanced optical instrumentation systems for use in fossil energy technologies and in manufacturing and industrial processes. Its laboratories are scattered through four buildings, necessitating dismantling of equipment in one laboratory, transport to the test stand facility, and reassembly for testing. The process then must be repeated to return the instrumentation to the developmental laboratory. DIAL research interests included the development of intrusive probes and sensors for diagnostic use in MHD or similar facilities, and extension of the capabilities of the Laser Doppler Velocimeter System (which measures particle velocity along a plane) and development of a 3-D system. Such extension of research requires additional appropriate space in a research facility designed for this type of research.

RUTGERS UNIVERSITY

[E]ngineering research and graduate education at Rutgers have only recently received strong State support. They are developing rapidly in response to imperative regional needs, exploiting evident opportunities created by the exceptional quality of corporate engineering research. Availability of departmental research facilities determines the pace at which these developments can proceed.

UNIVERSITY OF BUFFALO:

In all areas of engineering, including materials, manufacturing engineering, biomedical and biochemical engineering, and engineering instruction, new technology is developing so rapidly that it is impossible for the Engineering School to have available the latest hardware and, in the cases where computing is part of the program, the latest software.

As a specific example, the materials research programs offered through our Departments of Chemical, Electrical, and Mechanical Engineering face the following:

Our high resolution microscopy and analytical facilities, which must support the materials efforts, are wholly inadequate. We have faculty with the talent but our research laboratories are either without the appropriate equipment (clean rooms, furnaces, CVD facilities, MBE, microscopes, etc.) or have an inadequate, technologically obsolete capability.

UNIVERSITY OF FLORIDA

An accurate estimate of the need for space to feed the department's rapid growth in research is thirty thousand square feet. There are many good reasons for this additional need for space, but the most compelling is that the department has hired ten new faculty in the last eighteen months, among them the college's first Eminent Scholar, Dr. Tang Sah. Dr. Sah occupies the Robert C. Pittman endowed chair. He is a leading researcher in semiconductor electronics. In the 1950's he worked with William Shockley, Nobel Laureate and co-inventor of the transistor, as a senior member of the technical staff of the Shockley Transistor Corp. In 1959, Sah became head of the physics department at Fairchild Semiconductor Corp., leading a group that developed the first stable MOS transistors. His work pioneered the technology that made possible the first digital watches. He continues to make major contributions as is evident by his receiving the Jack Morton Award from IEEE this year. We have attracted Dr. Sah to the University, but are now unable to meet his space needs. His group alone will secure over $1,250,000 in research funding next year. The work is largely experimental and requires significant amounts of high-quality (like clean rooms) space. To quote Dr. Sah's closest colleague, Dr. Fred Lindholm:

"1. We cannot get the experimental stations set up in which to do our research.
2. We cannot add the graduate students coming this fall who need to use these work stations.
3. We cannot add postdocs we need to help us do this research and to assist in educating our graduate students.
4. We cannot have the use of Professor Sah's reprint files or his journals.

Accordingly, our research and education via research is severely compromised, and our ability to bring in substantive research funding to provide for graduate student education and the maturation of our junior faculty associates is severely limited."

This is not a new problem. After being with us for less than eighteen months, Dr. Luis Figueroa, a well-known expert in laser technology, resigned in June of 1987 because of inadequate facilities. In his letter of resignation he states, "When I was hired, I naively assumed I would get space to build a semiconductor laser

characterization lab to support my research. I was mistaken! If I would have known about the magnitude of the space crisis before I was hired, I would have either negotiated using different methods or found a better arrangement elsewhere."

UNIVERSITY OF ILLINOIS

In Mechanical Engineering the space is very open and not usable for modern instrumentation. It has been necessary to divide up floor space with wire cages and put laser equipment inside the caged areas. The lasers are used in the diagnostics of combustion and fluid flows. There is no computer control of the engines. The control devised were built in the 20's and 30's.

In wind-tunnel-like experiments, there is a need to go to three dimensional studies and to scale up devices by 400-800%. This would require large-capacity vacuum and high-pressure air sources, which are not available.

A proposed center for the study of refrigeration that involves industry-university cooperation lacks the space and environmental controls to conduct the studies properly. A major activity involves the replacement of CFCs, and the substitute materials are so exotic that leak detection is difficult and there are no known sealing materials. Tribology studies with these materials are needed but there are no facilities in which to conduct these studies.

Across the engineering departments in general, only 29% of the research space is considered suitable for use in the most highly developed and scientifically sophisticated research in the field. In the physical sciences this number is higher (49%), but in the environmental sciences the corresponding percentage is only 8%.

UNIVERSITY OF PITTSBURGH

X-ray diffraction facilities and equipment in the Department of Materials Science and Engineering are 15 - 20 years old, and thus state-of-the-art research on polymers just cannot be done using them; our faculty who need state-of-the-art X-ray diffraction facilities and equipment must go elsewhere to do their X-ray diffraction work.

Moreover, due to inadequate space and lack of equipment, our School of Engineering is unable to establish a cell biology laboratory that is needed for the School's developing research and graduate training program in bioengineering.

The building that houses our School of Engineering was designed in the late 1960s and completed in 1972. At that time, the building's air conditioning was adequate relative to needs, but its air conditioning is today inadequate relative to current needs. As a consequence, each time a new laboratory is set up, a separate air conditioning system must be added at a cost of approximately $20,000. The cost to upgrade the building's central system is approximately $350,000 to $400,000. Obviously, given finite University and School of Engineering resources, funds used for air conditioning additions or upgrades cannot then be otherwise used in support of the Schools' research, training, and service activities.

UNIVERSITY OF SOUTHERN CALIFORNIA

Photonics/Optical Computing research is greatly hampered by the lack of adequate laboratory space. The materials processing side in particular requires very extensive

(and expensive) facilities. This is an extremely important new technology that could lead to the so-called "sixth generation" computers.

We have millions of dollars of government research support including a U.R.I. in this area, and have one of the top two or three research groups in the country. The potential impact of their research and the necessary technology transfer will be compromised if new facilities are not created.

Manufacturing is another vastly under spaced and under-equipped area. We have major government and industry support through our Institute for Manufacturing and Automation Research (IMAR), but no real facility in which to conduct meaningful research.

The Division of Natural Science and Mathematics occupies five buildings in which the laboratory research facilities are obsolete or substandard, and a sixth in which the facilities are marginal. Only two buildings in the Sciences have adequate research facilities. The worst cases are buildings more than 50 years old, in which there are acute problems with the electrical services, hoods and venting system, plumbing, benching, heating and air conditioning systems and general design of the laboratories. To varying degrees, all of the subpart buildings share these problems.

UNIVERSITY OF TEXAS-AUSTIN

The Department of Aerospace Engineering and Engineering Mechanics research and education programs in guidance and control are affected by the inability of the guidance and control group to pursue a broad range of research activities because of the nonexistence of a controls research laboratory facility. Two areas of fundamental research for the future are fault-tolerant flight control systems and the development of new and sophisticated sensors and actuators. While our current research is primarily analytical and computational in nature, our capabilities would be greatly enhanced by including hardware in our future research activities.

Both of the research areas mentioned above are considered of primary importance to the future of U.S. aerospace industries. In addition, our students would be more effective in these developments if they had a better understanding of computers, sensors, and actuators and their use in sophisticated flight control systems.

The Department of Aerospace engineering and Engineering Mechanics has no facilities for high temperature work on metals, metal matrix composites and ceramics, nor does it have adequate facilities for the study of fiber/epoxy types of composites. It has no facilities for evaluating the mechanical characteristics of brittle materials such as ceramics.

The internationally recognized Structural Engineering Laboratory research and teaching program is threatened by an aging physical plant and facilities that are not adequate to support current or anticipated research efforts. For example, a 25-ton overhead crane has hazardous exposed electrical rails, worn-out brakes, antiquated controls, and other safety problems, the original electrical distribution system unsatisfactory, providing insufficient electrical power for equipment now in the lab and on order; roof and wall problems, rainwater, dust, and temperature changes endanger equipment and research projects, rotting, damaged, and worn-out doors provide no security; there is insufficient air conditioned laboratory equipment; and there is an acute shortage of faculty, staff, and student office and work space.

UNIVERSITY OF VIRGINIA

Externally funded research at the University of Virginia is growing currently at an annual rate of 15%. Such growth cannot continue because we have already saturated our research space.

In the School of Engineering and Applied Science, a major grant from the Department of Transportation supporting experimental crash impact research is being severely impeded by the unavailability of suitable research space. In addition, the space available for the support of academic computing is ridiculously inadequate.

VANDERBILT UNIVERSITY

Vanderbilt currently has sufficient space for most work, with the exception of our Engineering School. One recent inventory shows that the Engineering School needs over 67,000 net assignable square feet - 57,440 of which is need R&D space. This shortage is critical, as illustrated by the case of laser equipment on campus: because of space constraints, the Engineering School has unused lasers in storage and the Physics Department has underused lasers -- all this after construction of a $2.6 M building for a free electron laser.

YALE UNIVERSITY

In chemical engineering, a faulty air handling system permitted humidity to build up and destroy a salt crystal operating as the beam splitter of an interferometer, causing research delays and several thousand dollars in additional costs to Yale.

Environmental Sciences

COLORADO STATE UNIVERSITY

The Natural Resource Ecology Laboratory represents an area of keen national and international interest. The lack of adequate space is acute in this department. Refrigerators sit in hallways. Students sit at chairs in hallways to study (very distracting and undesirable situation). This department has experienced extreme difficulty in retaining outstanding researchers due to the lack of adequate facilities and space.

These two departments are representative of the harm that can be caused to the quality of programs as the result of sub-par facilities. As stated previously, it is not only the quality of the research that suffers, but the quality of the educational programs as well.

CORNELL UNIVERSITY

Another example on the Cornell campus is the Center for Environmental Research. The staff of this center are currently dispersed among four different buildings on the campus. Substantial recent effort in this center has focused on questions related to global environmental change. There appear to be major opportunities for more interdisciplinary basic research to be conducted in this area, and funding for programs in the center has grown substantially over the past two or three years. This center

needs about 15,000 square feet to consolidate its central operations in one place and provide a focus for expanding efforts on the global environment. The space needs include both offices and laboratories. No solution is on the horizon for meeting those space needs, even though a substantial fraction of the work of this center is in the statutory colleges of the university that are supported by the State of New York. Budget difficulties in the state, coupled with pressures for better teaching space in the biological sciences, make it unlikely that the state will be able to respond to such space needs for a period on the order of five years. Even though basic interdisciplinary research on global environmental effects is of vital importance to society, it is unlikely that programs of the required magnitude can be mounted within the space constraints of the institution. Graduate students will not be trained in sufficient numbers to meet national needs in the environmental area as a result of current shortfalls in research space.

UNIVERSITY OF KANSAS

Recently, society has begun to recognize that an ecological crisis exists. Species are being depleted at an enormous rate, especially in the American tropics. This realization is recent, even though professionals have been warning of the crisis for decades. The University of Kansas is one of a few universities that has maintained a concentration of talent in the area of natural history. We are moving, with similar institutions, to establish a program to inventory species diversity in threatened areas. Our efforts will be severely handicapped because we do not have adequate facilities for storage, analysis and curation of materials that will be obtained during these studies. We will have to solve this space problem before we can move forward.

UNIVERSITY OF WISCONSIN-MILWAUKEE

While some facilities modernization has occurred at the Center for Great Lakes Studies (due in large part to an extramural award of $500K which leveraged an additional $3 million), much more must be done to replace obsolete research instrumentation which is employed across various areas of research (aquatic, environmental science, engineering and in other disciplines). The Center is the major research facility on the Great Lakes and has the potential, with proper development, to work on the major problems of environmental health facing the Midwest and the nation.

Materials Sciences

CARNEGIE MELLON UNIVERSITY

In the research area, there is a major shortage of space for the accomplishment of large-scale research in areas such as robotics and advanced materials. We have been renovating a number of buildings, but we are still short of the space that we need. We have a series of original ideas on the handling of nuclear cleanups, and we need more space for constructing the robots that will be able to move into a nuclear plant or other hazardous areas to eliminate the risk to human beings. We are trying to find money

and space to do this. In the meantime, the research is being held back. Similarly, research in electronic and other non-metallic materials is limited by space and equipment. We have a major national problem, and progress is being impeded by the lack of facilities. We are in grave danger of being unable to compete in the international arena in electronics and advanced materials.

STANFORD UNIVERSITY

Modern materials research involves building materials atom layer by atom layer. This work cannot be expanded because of the lack of a building to house the special equipment. Such equipment requires special facilities providing adequate vibration isolation and systems to handle the wide range of gases and liquids, some with highly hazardous or with unknown properties used in atomic-level artificially structured materials. The materials affected include high-temperature superconductors, high-speed transistors, new advanced lasers, and new lithographic techniques.

UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Advanced Electronic Materials Processing program is not advancing as rapidly as it could if adequate space were available. If legislative funding for new space, which has been requested, is not forthcoming, this nationally competitive program may be in jeopardy.

UNIVERSITY OF PITTSBURGH

Inadequate research facilities and insufficient numbers of available scanning tunneling electron microscopes and ion microscopes, and the lack of a tandem accelerator for thin-film analysis are impeding our research and graduate programs in surface science and materials science and engineering.

UNIVERSITY OF TEXAS -AUSTIN

High-temperature materials in general, ceramics, and lightweight non-metal composite represent the way of the future in aeronautical, space, deep water, automotive, and energy production areas. Without substantial investment in suitable facilities and equipment for evaluating the mechanical behavior of materials for transfer to these applications, the State will not be able to compete in national or international arenas. This will definitely have adverse economic repercussions.

In microelectronics research, currently does not have the clean room facilities required for fabrication of small-geometry device structures. Our lithography equipment is inadequate for features below one micron. Moreover, we do not have adequate toxic gas handling facilities and safety equipment necessary for many semiconductor growth and processing requirements.

Physics

MICHIGAN STATE UNIVERSITY

Our Department of Physics, except for the nuclear physicists who use the new National Superconducting Cyclotron Laboratory, are very poorly housed and severely constrained in spite of the fact that solid-state physics is a key contributor to a state of Michigan priority area of material science.

UNIVERSITY OF CALIFORNIA - LOS ANGELES

Studies in high-energy and plasma physics are being impaired by the lack of high bay spaces and the infrastructure components (electrical and plumbing) required for medium and large-scale experiments. Facilities for such mesoscale experiments are becoming essential for advances in the physical sciences and engineering.

UNIVERSITY OF FLORIDA

Approximately two years ago the Department of Physics at the University of Florida decided not to recruit anyone with a speciality in experimental physics. All available lab space had been exhausted. Therefore, only theoretical physicists were recruited. Basically, experimental physics has come to a halt unless new space becomes available.

UNIVERSITY OF PITTSBURGH

Our Department of Physics and Astronomy is developing a program in condensed matter physics, but this effort is being severely hampered by deteriorated research facilities and obsolete equipment, deficiencies which cannot be remedied by the University due to budget constraints.

UNIVERSITY OF ROCHESTER:

The University's Laboratory for Laser Energetics will have a $40 million program to upgrade its high-power laser. Brick and mortar money is not available for the extensive modifications required for the new target chamber building. This unique national facility will be a "go-no go" kind of decision based on whether the University provides the building. Do we fund it from tuition? No! Do we fund it from endowment? No! Do we borrow at market rates (not tax-exempted bonds, for we are at the cap limitation) and pay back the funds on the government-allowed amortization basis? Not likely to find a 50-year loan! Do we fund from gifts? No, cannot get a private gift for government research. Will the State pay for the building? Doubtful! How do we fund this important research?

THE UNIVERSITY OF TEXAS AT AUSTIN

In the Department of Physics obsolete research equipment has adversely affected departmental teaching and research. For example, in order to machine large-flow chambers to the required precision, sophisticated machine tools are required. Yet, all of our large bed millers and vertical lathes are over 40 years old. Newer equipment which is numerically controlled would allow construction of chambers to study the onset of turbulence in large systems, but this research initiative has not been possible. As a

second example, the current materials preparation facility in the Department of Physics contains preparation equipment and test equipment which is over 20 years old. Because of a lack of user facilities, our department was unable to pursue a research program in the study of the new superconducting materials. In addition, the lack of a new modern research facility for the study of ultra-small microelectronic structures has precluded possible participation by our Department of Physics in several joint university/industry research projects.

UNIVERSITY OF VIRGINIA

Externally funded research at the University of Virginia is growing currently at an annual rate of 15%. Such growth cannot be continued because we have already saturated our research space. In the College of Arts and Sciences, a group of approximately 6 research faculty in nuclear and high energy physics who generate more than $3M/year in external research support have nowhere to put the equipment which has been purchased with federal funds.

UNIVERSITY OF WASHINGTON:

In January 1988 the University of Washington retained two prestigious architectural firms, the NBBJ Group and TRA Associates, to study its science and engineering facilities. Among the conclusions reported by this study are the following:

The need for additional space for science and engineering at the University of Washington in the next 15 years totals 527,000 assignable square ft. (ASF) under a "no growth scenario" or 867,000 ASF under a "modest growth scenario." These numbers correspond to an increase of 32% and 52% respectively.

The physics building was described as follows: "Physics Hall, built in 1928, is the main physics laboratory and teaching facility at the University of Washington. It is unfit for the conduct of modern science. It lacks the capability to accommodate heavy equipment in laboratories and would require major structural improvements to handle additional floor loads and meet seismic standards. Other problems pose threats to the safety of its occupants; unenclosed exit stairs would act as chimneys in event of fire; adequate electrical power is not available in many laboratories; and some labs illegally vent into corridors." Bagley Hall, the building which houses the Department of Chemistry, is, in general, in worse condition than the physics building.

YALE UNIVERSITY

In physics, difficulties in maintaining the water impermeability of the envelope of a specific research building, has caused constant adjustment and realignment of equipment, creating both delays and frustration.

Senator PELL. We now come to Merrily Taylor of Brown University, who is a long-time friend of the subcommittee; we have worked closely with you in the past. Ms. Taylor.

Ms. TAYLOR. Thank you, Senator Pell, and I would like to thank the Senators for inviting me to appear and for your support of higher education.

I am here today on behalf of the Association of Research Libraries and the American Library Association. ARL is an association of 199 major research libraries in North America. ALA is a nonprofit educational organization of 52,000 librarians, library trustees, and other friends of libraries.

I am here today to support the reauthorization of the title II programs of the Higher Education Act of 1965. The value and benefits to the library, research, and scholarly communities from the title II programs are enormous and far-reaching.

In regard to II-A, the strongest rationale for Federal assistance and the strong academic library need as well is for a stimulus to encourage institutions to take advantage of rapidly changing information and telecommunication technologies, to encourage libraries to experiment with new ways of acquiring and delivering information, and to encourage resource-sharing across institutional, political and geographical boundaries.

It is for this reason that ALA and ARL recommend reauthorization of title II with a new name, "Academic Libraries in an Electronic Networked Environment," to reflect how the roles of libraries and librarians are changing in response to new ways of providing information.

We also recommend that the current title II-A, grants for college library resources, unfunded since fiscal year 1983, be deleted and replaced with a reinvigorated program of technological and cooperative assistance, building on the current and very successful II-D, College Library Technology and Cooperation Grants. A review of its first 3 years indicates that there is a major need for funding of technological assistance programs for college libraries.

As an example of the benefits of the II-D program, a grant to the University of Rhode Island will help the Higher Education Library Information Network, HELIN, implement an integrated on line library system. Students, faculty and staff will have on line access to the consortium's combined collection of 700,000 titles, as will numerous other libraries in Rhode Island, including my own.

In Topeka, KA, the Mid-America Law School Library Consortium at Washburn University received a II-D grant to develop a CD-ROM catalog for 18 university law schools in 7 States.

In regard to II-B, we recommend reauthorization of the II-B program as Library Education, Research and Development, with an authorization level of $15 million and some minor amendments. Currently, two-thirds of II-B funding supports fellowships and institutes, and one-third supports research and demonstration projects. We recommend that this ratio be continued.

Since fiscal year 1966 when II-B began, over 4,300 persons, many of them minorities, have received fellowships in library and information science. I myself got my library science degree through a II-B fellowship and would not be sitting here today had it not been for that program.

Another 16,630 persons received training in over 400 short-term institutes. All of this was accomplished with the modest sum of $52 million over 25 years.

We are pleased to note that Senator Paul Sarbanes has recently introduced a bill to increase the authorization level for II-B to $15 million for fiscal year 1992, with such sums as necessary for the four succeeding fiscal years.

I might add at this point that there is a very critical shortage of librarians. In Rhode Island, we have a severe shortage of school librarians. So this program goes directly to a need.

In regard to II-C, the II-C program has resulted in hundreds of thousands of research materials in all subjects and formats being made accessible to scholars and institutions, large and small. The availability of many collections which were hitherto known only locally, or not known at all, has had dramatic effect on some fields including botany and music, among many others. It will be of critical importance in the years ahead to build on the success of the title II-C program and to explore new opportunities for enhanced access and delivery of information and resources utilizing electronic technologies.

The change that we propose in the title of the program is indicative, "Improving Access to Research Library Resources." In brief, we recommend that title II-C be reauthorized and that the current language be retained without substantive change; that the authorization level be increased to $25 million for each of the four succeeding years, and finally that there be increased emphasis on the utilization of technologies to achieve enhanced access to a diverse array of unique collections.

Brown has profited greatly, I might add, through the title II-C program. We have used it to make the resources of the John Hay Library accessible internationally. We have seen a great increase in use by people not affiliated with Brown.

Finally, we would like to see new directions for this program to promote access to materials which are on our campuses not necessarily under the control of the library, but provide rich sources of scholarly information, such as museums, archives, and that type of material.

In closing, Mr. Chairman, I would like to emphasize as we move more into the information age that we must equip our libraries and scholars with needed information resources and the tools with which to identify these resources. The title II program is an essential part of our information infrastructure and has permitted us to achieve things we could not have achieved on our own, using our own resources.

Thank you very much.

Senator PELL. Thank you very much indeed.

[The prepared statement of Ms. Taylor follows:]

PREPARED STATEMENT OF MS. TAYLOR

Mr. Chairman, Members of the Subcommittee, I am Merrily Taylor, University Librarian, Brown University. I am appearing today on behalf of the Association of Research Libraries and the American Library Association. ARL is an association of 119 major research libraries in North America. ALA is a nonprofit educational organization of 52,000 librarians, library trustees, and other friends of libraries.

I am here today to support the reauthorization of the title II programs of the Higher Education Act of 1965. The value and benefits to the library, research and scholarly communities from the title II programs are enormous and far reaching. Title II programs have permitted individuals to attend library and information science schools resulting in the leadership we have in the field today. Access to the collections of the major research libraries have become available nationally and internationally and resource sharing programs between libraries have been enhanced. Program funds have supported the preservation efforts to microfilm deteriorating books and manuscripts and related measures for sound recordings and conservation activities.

HEA II-A College Library Technology and Cooperation Grants

The strongest rationale for federal assistance, and a strong academic library need as well, is for a stimulus to encourage institutions to take advantage of rapidly changing information and telecommunication technologies, to encourage libraries to experiment with new ways of acquiring and delivering information, and to encourage resource sharing across institutional, political, and geographic boundaries. For this reason, ALA and ARL recommend reauthorization of title II with a new name, "Academic Libraries in an Electronic Networked Environment" to reflect how the roles of libraries and librarians are changing in response to new ways of providing information.

We also recommend that the current title II-A (grants for college library resources, unfunded since fiscal year 1983) be deleted and replaced with a reinvigorated program of technological and cooperative assistance, building on the current and very successful II-D. The title II-D program of College Library Technology and Cooperation Grants was enacted in 1986 and first funded in fiscal year 1988. A review of its first three years indicates that a major need, funding of technological assistance projects for college libraries, is just beginning to be addressed by the current program.

HEA II-D College Library Technology and Cooperation Grants

Fiscal Year	Number of Applications	Total Requested	Funding Available	Number of Awards
FY 88	302	$26.8 m	$3.6 m	46
FY 89	318	30.8 m	3.6 m	52*
FY 90	228	26.1 m	3.7 m	40*
FY 91	238	29.0 m	3.9 m	NA

*Includes continuation grants—5 in FY 89 and 5 in FY 90

HEA II-D provides four types of grants: Networking grants are designed to plan, develop, acquire, install, maintain, or replace the technological equipment and software necessary to participate in library resource sharing networks. Networking grants have allowed academic libraries which could not otherwise have done so to take advantage of technological advancements. Funds have been used to purchase equipment and to pay membership fees and associated costs for participating in national, regional, state, and local bibliographic, document delivery, and library automation networks, all of which facilitate resource sharing activities.

Combination grants are designed to establish and strengthen joint-use facilities, resources, and equipment. Services to Institutions grants are designed to establish, develop, or expand projects or programs that improve information services provided to institutions of higher education. Research and Demonstration grants are for research and demonstration projects which meet specialized regional or national needs in using technology to enhance library and information science.

HEA II-D grants have a one-third matching requirement, thus ensuring that the institution is committed to carrying on the project. In the first three years, institutions in 36 states plus the District of Columbia and Puerto Rico have received awards. The grants also have a multiplier effect, reaching well beyond one campus. Each combination project funded in FY 1989, for instance, directly affected from 4 to 137 libraries and, together, influenced the operations of 257 libraries.

A few examples will show the extent to which II-D enables interinstitutional cooperation for the benefit of library users. A grant to the Mid-America Law School Library Consortium at Washburn University of Topeka, Kansas, was designed to develop a CD-ROM cooperative library catalog among 18 university law schools in 7

midwestern states. If a user is not satisfied with search results in his or her own library, the holdings of the libraries in the Consortium are then searched.

A grant to the University of Rhode Island will help the Higher Education Library Information Network (HELIN) Consortium implement an integrated online library system. Federal funds will help create a database and pay for a computer upgrade. Funds from foundations and from the individual institutions (University of Rhode Island, Rhode Island College, Community College of Rhode Island, and Roger Williams College) are also involved. Students, faculty, and staff will have online access to the Consortium's combined collection of 700,000 titles. The project will also facilitate library resource sharing among Rhode Island libraries.

Future Directions

The trends over the short history of this program seem to be toward making information about a library's holdings available electronically for the first time (mainly in smaller libraries), and in upgrading or replacing obsolete systems. The trend is also clearly toward faster delivery of needed documents through telefacsimile equipment, and the beginnings of online text delivery.

Needy institutions, generally handicapped by high capitalization costs, will require additional support to achieve electronic connectivity. Linkages through networks such as the proposed National Research and Education Network permit academic libraries to provide access to a vast and diverse array of library and information resources, regardless of location. Government information, increasingly available only in electronic formats, is accessible in a more efficient and timely manner via networks. Technology can also be used to provide library and information services to the disabled.

HEA II-B Library Education, Research, and Development

ARL and ALA recommend reauthorization of the title II-B program as Library Education, Research and Development, with an authorization level of $15 million, and some minor amendments. Currently, two-thirds of II-B funding supports fellowships and institutes, and one-third supports research and demonstration projects. We recommend that this ratio be continued.

Since fiscal year 1966 when II-B began, 4,336 persons, many of them minorities, have received fellowships in library and information science. Another 16,630 persons received training in 439 short-term library institutes. All of this was accomplished with the modest sum of $52 million over 25 years, or just over $2 million per year. Funding has ranged from a high of $8.2 million in fiscal year 1968 and fiscal year 1969 to a low of $473,000 in fiscal year 1989.

In the early and more adequately funded years of the program, a remarkable corps of leaders was recruited to the field or enabled to earn the Ph.D. Many of the current faculty, deans, and library directors around the country are II-B fellowship recipients. With much less than $1 million appropriated for the HEA II-B library education program over the past decade, replacements for such leaders are not coming along fast enough to make up for losses and retirements.

We are pleased to note that Sen. Paul Sarbanes has recently introduced a bill, S. 1099, to increase the authorization level for HEA II-B to $15 million for fiscal year 1992, with such sums as necessary for the four succeeding fiscal years. It is the purpose of this bill to highlight the critical shortage of librarians and libra educators, and to encourage a more reasonable level of funding for a program which could greatly assist in alleviating this serious problem. We are supportive of this effort which is consistent with the reauthorization recommendations of the library and higher education communities.

Shortages of librarians are becoming acute. Library employers report especially severe shortages of children's librarians, school library media specialists, catalogers, librarians with technological expertise, and librarians who are members of minority groups. Librarians in the United States number fewer than 200,000, and almost 40 percent of them will be 65 years of age or older by the year 2000. For the last five years, the placement service at American Library Association conferences has had more job openings listed for librarians than job seekers.

Librarians in public and academic libraries are only 6.1 percent black, 3.4 percent Asian, 1.8 percent Hispanic, and 0.2 percent Native American. Minorities receiving graduate degrees in library and information science have averaged only about 7.7 percent throughout the past decade. By the year 2000, one of every three Americans will be a member of a minority group. We must increase our efforts to recruit and educate minorities for careers in the nation's libraries.

The shortage of graduate library school faculty is of crisis proportions, due to the closing of some library schools, the decrease in financial support for the advanced education required, the higher than average age of library school faculty, and fewer librarians with Ph.D's going into teaching. Of the 550 graduate library school faculty in the United States, about 50 percent will have retired by the year 2000. Over 60 percent of graduate library school faculty believe they will leave teaching before retirement, according to a recent study (Faculty Replacements in Accredited Programs in Library Schools, by Fay Zipkowitz and Elizabeth Futas of the University of Rhode Island Graduate School of Library and Information Studies, 1991).

There are and will be more graduate library school faculty positions open than replacements to fill them. Shortages of librarians will be exacerbated by a shortage of graduate library school faculty. The quality of faculty and of the next generation of librarians will suffer without an influx of new talents, backgrounds, and skills.

Future Directions

The President and the Governors have set as education goals that by the year 2000, every child will start school ready to learn, and every adult American will be literate. In our complex society, being literate requires even more complex skills, including being information literate—knowing how to learn, knowing how to find and use information, knowing how knowledge is organized. Librarians play a role in developing these skills, beginning with encouraging preschool children to read, introducing users to information technology, and helping students and scholars to navigate through exploding amounts of published information and the new world of electronic networked information. In such an information economy shortages of qualified librarians mean a slowing of progress toward information literacy and the education goals, and lack of progress toward more librarians from diverse backgrounds to reflect an increasingly diverse population.

One of the distinguishing features of the workplace of the future will be the need for an attitude toward lifelong learning among workers and in the organizations that employ them. In the past, changes in environment and technology could be easily accommodated by hiring new people to do the new work. Due to the shifting demographics of American society, this option is no longer available. As changes occur, the means to upgrade skills and retrain the existing workforce must be available, and workers must be prepared to take advantage of them. As not-for-profit organizations, libraries are often unable to set aside the financial resources to support this crucial activity.

Interested and talented individuals require extra assistance to acquire the high level of interdisciplinary knowledge and skills librarianship requires, but for which librarians are rarely paid well. HEA II-B is almost the only such help available. The services librarians provide and the skills they impart to students and other information seekers are too important to our information economy and to progress toward the education goals to forego such modest assistance.

The Administration would include II-B library education in a proposed consolidation of six existing graduate fellowship programs. Under this restructured program, the Secretary would have the discretion to set funding priorities each year. II-B would be by far the smallest of these programs, and given the past history of zero budgets, its chances of being funded in the proposed mix are doubtful.

Very little research money is available for library and information science. This is particularly unfortunate for technology-related research topics, because researchers in the library field bring a unique and all-too-rare user-oriented viewpoint to information science questions. Technology should serve users, rather than users always having to adapt to technology. Most of these research questions transcend the boundaries of traditional disciplines. Library science researchers have much to contribute, but they must bring their share of funds to the table if they are to collaborate with their colleagues in other fields.

In fiscal year 1986 the Department of Education commissioned (with II-B funds) a study to identify issues in library research. The result has been published in three volumes titled Rethinking the Library in the Information Age (GPO, 1988). Nearly 150 research questions in ten major issue areas were identified. The questions are significant and fascinating, as a few examples will show. How do electronic technologies impact privacy and censorship? What is the correlation between library support and outcomes, such as university quality ratings, test scores, economic production, etc.? Who is archiving and preserving electronic information?

The Department of Education has been able to address very little of this well developed research agenda because of lack of funding. In fiscal year 1990,45 applications were received requesting $3.7 million. Only $285,000 was available and only 5

projects could be funded. Potential grantees requested 13 times more funding than was appropriated, and submitted 9 proposals for every one funded. Similar patterns apply every year since fiscal year 1987 when field-initiated proposals were reinstated after several years of contract-only projects.

Since research priorities may change over time, ARL and ALA recommend that the statute require the Secretary to consult with organizations representing library and information science professionals in determining priorities for research and demonstration projects, as well as in determining areas of critical need in library education and training under HEA II-B.

Review Press

Reviewers for all title II programs must operate in isolation through a review-by-mail process. As a result, viewpoints and judgments of individual reviewers cannot be vetted by peers. The timeliness and quality of grant application evaluations would be improved by convening review panels in Washington, D.C. Department of Education program officers are hampered in their ability to give consistent technical advice when they must deal with large numbers of reviewers by mail and phone. Each reviewer's travel, per diem, and honorarium should be paid.

Staffing

ARL and ALA recommend that the statute specify that title II programs be administered in the Department by appropriate experts in library technology, library education, and related fields. The 1986 reauthorization added such language for the new title LID technology program. This provision was helpful, not only in enabling the library programs unit to recruit an individual with the appropriate library technology background, but in allowing recruitment at all. Within the Department, it is difficult to make the proper case for adequate and experienced staff when library programs are being recommended for elimination in the annual budget request. This situation justifies special Congressional attention to the staffing for library programs.

Title III Strengthening Research Library Resources

The title II-C program, established by Congress in 1976, has lead to hundreds of thousands research materials, in all subjects and formats, being made accessible to scholars in institutions large and small. The extraordinary success of the program is due to extensive cooperation and resource sharing between research libraries to achieve enhanced access for scholars and can be characterized as utilizing new technologies to realize this improved accessibility.

With the explosive growth of knowledge, there will be more than ever a need to identify and provide access to both national as well as international information resources. It will be of critical importance in the years ahead to build upon the many successes of the title II-C program and to explore new opportunities for enhanced access and delivery of information resources utilizing electronic technologies. The change that we propose in the title of the Program is indicative—Improving Access to Research Library Resources. In brief, we recommend that title II-C be reauthorized and that the current language of title II-C be retained without substantive change, that the authorization level be increased to $25,000,000 for each of the four succeeding years, and finally that there be an increased emphasis on the utilization of technologies to achieve enhanced access to a diverse array of unique collections and information resources.

To date over $75 million has been distributed to the nation's research libraries since the first title II-C grants were awarded in 1978 with participation by 118 institutions through 427 grants. Grants have been awarded to institutions in fortyfour states plus the District of Columbia since the program's inception. These grants have resulted in significant benefits to researchers and scholars through:

—acquisition of specialized or rare material to enhance or complete a library collection which may be a focus for national or international scholarly research;
—creation of machine-readable bibliographic records made available through databases which are accessible by scholars at institutions nationwide;
—preservation of collections for scholarly use;
—creation of bibliographic records for major microform series, enabling scholars throughout the country to access individual titles within a microform set; and
—encouragement and funding of pilot projects to develop new methods to provide bibliographic access, enhance collections, and meet preservation needs.

Two years ago, ARL commissioned a study to review the title II-C program after ten years of operation. The study was undertaken by one of my colleagues, Samuel Streit, Assistant University Librarian, Brown University. I have with me today an Executive Summary of this report. "The Higher Education Act: Title II-C Program Strengthening Research Library Resources, A Ten-Year Profile and an Assessment of the Program Effects upon the Nation's Scholarship." The report documents the vast array of projects only possible because of federal funding. The study illustrates how the program has successfully contributed to the advancement of scholarship by strengthening the collections of the nation's largest libraries and by facilitating the sharing of resources among those libraries and between them and other academic and public libraries.

Title II-C programs have been particularly significant in three areas; bibliographic access (control), preservation, and collection development. For example, the holdings of the John Hay Library at Brown University, one of the nation's great libraries for rare books and other special collections, has become more widely accessible due to title II-C funding. Grants to enter the holdings of the John Hay into the national computerized bibliographic databases permits scholars throughout the world to learn of the resources at Brown University, and in addition, provides cataloging records for other libraries to use in their own processing. An enormous amount of time and money is saved for both library staff and scholars alike to learn of the resources available and to have bibliographic information readily accessible. Use of the Special Collections has increased steadily since "retrospective conversion" first began. After the first year of the project, the number of books requested in the John Hay Library increased by 37 percent and interlibrary periodical article requests increased 120 percent. It is entirely likely that many of these interlibrary loan requests came from individuals who would never have located the needed material were it not for retrospective conversion made possible by title II-C.

Brown was awarded three consecutive multi-project title II-C grants, each of which contained a component intended to make accessible the library's large and important collections of sheet music. One of the grants also contained a preservation component and 2,000 items were preserved.

Another example that may be of particular interest to the Subcommittee was the recent request of materials from the Cutter Pamphlet collection at the Library of the State Historical Society of Wisconsin. Several of these pamphlets were requested by the legal office of the U.S. Senate in conjunction with preparation of a brief for a case concerning flag desecration before the Supreme Court. Access to this collection was possible only because of title II-C funds.

As the Subcommittee is well aware, the preservation problem facing the Nation is of a daunting magnitude. Preservation projects funded by title II-C have emphasized the microfilming of deteriorated books and manuscripts. There have also been a considerable number of projects involving the preservation of photographs, of sound recordings, and a variety of item-specific conservation activities. The funds available in support of preservation efforts have made a significant impact in saving deteriorating books and materials.

Title II preservation grants to the Boston Public Library are illustrative of the importance of this source of funding and of the value to the research community. The Library has concentrated on the microfilming of deteriorating research materials including a 20-year effort to preserve 300 years of Massachusetts newspapers involving over 10,000 reels of microfilm with the original newspapers wrapped in acid-free paper and placed in storage. The bibliographic results of the project are accessible via national research tools including the Newspapers on Microfilm-United States and the National Register of Microform Masters.

Finally, in the area of collection development research materials purchased with title II-C funds have spanned a wide range of subjects in the humanities, sciences, and social sciences. There are many examples that demonstrate the diversity of projects; including areas of keen national interest as we try and grapple with our competitive international position in the global economy and consider our investments in numerous arenas from energy facilities to manufacturing. For example, the University of Vermont received funding to acquire, preserve, and make accessible a large body of Canadian documents pertaining to acid rain that is now the most comprehensive collection on acid rain in the United States. Information is available via OCLC (one of the largest automated bibliographic utilities) and AGRICOLA as well as through conventional interlibrary loan. In addition, a grant also funded a CD-ROM product to both disseminate and preserve the documentation.

New Directions

The growth of information is explosive—internationally 1,000 books are published daily, nationally 9,600 different periodicals are published annually, and the total of all printed knowledge doubles every eight years. No one library or research institution can afford to collect nor make accessible the expanding body of knowledge. Instead programs such as title II–C promote joint acquisition and building upon collection strengths of institutions. This rapid expansion of knowledge, increasingly in electronic formats, requires a new response.

Network applications today focus primarily on the provision of access to resources such as books, journals, and online files. But the technologies and new high-capacity networks such as the proposed National Research and Education Network or NREN provides us with exciting opportunities to organize, make accessible, and preserve these resources in new and different ways. It will also permit access to those research materials and collections generally unaccessible but of extreme research value including photographs, archives satellite data, artifacts, and more. What will be needed is bibliographic access, directories, and related projects to identify, organize, preserve and provide access to these important resources. Funds are needed to:

—identify, allow for, and encourage access to unique scholarly and research resources, many times in digital format, located on campus but not within the administrative control of the library;
—convert print and graphic materials to machine-readable format and provide those projects that encourage the widest possible access;
—encourage the development of improved methods of cataloging and indexing, particularly important in light of our growing dependence upon networks as the means to both identify and convey information resources;
—encourage projects to investigate preservation issues related to new information technologies;
—fund new experimental preservation technologies and programs;
—expand the program to include acquisition or access to large databases and data sets;
—encourage more inter-institutional cooperation and collection development between research libraries and non-library repositories of research information including museums, and scientific and technical information resources.

Title VI

Finally, we propose a change to title VI, International and Foreign Language Studies Part A, Section 607. With other parts of the higher education community we have developed joint recommendations in response to the pressing need to revitalize and fund this provision. It is critical that we begin to identify, collect, and provide access to the foreign research and information resources at a time of unprecedented challenge in the international order. The combination of rising inflation and dollar devaluation has resulted in rapidly increasing acquisitions costs. When coupled with budget cuts in libraries, there is a marked decrease in acquisition of foreign research and information resources. We look for your support in reauthorizing this important provision.

In closing, Mr. Chairman, I would like to emphasize as we move more into the information age, we must equip our libraries and scholars with needed information resources and the tools with which to identify these resources. The title II program is an essential part of our information infrastructure and one which we must strengthen and continue. Title II has enabled academic libraries to make use of new computer and communications technologies to share resources and expand information access. It has enabled recruitment of leaders to the library field through educational assistance, and stimulated research and innovation for the improvement of library services. The statute has encouraged the development of new and innovative ways to share resources among and between research libraries and has permitted research libraries to become points of access to information in addition to acquiring, preserving, and organizing information. These directions must be encouraged, strengthened, and supported.

Senator Pell. On that last thought of yours, Ms. Taylor, as I recall, Brown University is on line with computers.

Ms. Taylor. Yes, sir.

Senator Pell. What was the cost to Brown of moving from the card file to the computer?

Ms. TAYLOR. It is in excess of $1 million. We are in the processing of doing full retrospective conversion of the card catalog. A substantial part of that has been done through title II-C funding.

Senator PELL. Are there any libraries with which you are familiar and with which you work that are still not on line, that are still on Dewey Decimal cards?

Ms. TAYLOR. There are still many libraries which are not on line or are not entirely on line. Many of us have been using computers to catalog books for some years, but often it is only, say, the last 10 years of material that is in the computer, and all of the books that you catalogued since, in Brown's case, the 18th century, would not be in the computer unless there were funds available to put them there.

Senator PELL. The books, for example, in the John Carter Brown Library, would they be on line, or would they be on card file?

Ms. TAYLOR. The most recent ones are on line. The John Carter Brown has not been able to do a retrospective conversion, so their older collections are not.

Senator PELL. I guess the question I am asking is a general question, but wouldn't we do well in smaller libraries to leave them with card files and not go on line?

Ms. TAYLOR. Well, not really, because the advantage of having the material in the computer is that there is greatly enhanced flexibility in being able to find something. We are all very familiar with card catalogs and fond of them, but they are rather rigid in the way you can search, so you can miss something that is there if you don't pick the correct entry point. With the computers, often, if you have one or two words of the title, you can still retrieve that book from the database.

Also for smaller libraries, it is more economical to do it because they can use the information that the larger libraries have already put into the databases; they can simply copy off the records.

Senator PELL. Thank you very much.

I'd like to turn to Dr. Traina for a moment. You touched on the professions into which people are going when they have finished university. One of the problems that I see that we face is that we have not enough engineers and scientists and so on, and we've got too many lawyers. We have become a very litigious society. Do you have any thoughts as to how that can be remedied, because this tremendous influx of lawyers has a destructive impact on the productivity of the Nation. I am just curious as to what your thoughts are.

Mr. TRAINA. de Tocqueville was writing about that, Mr. Chairman, in the 1830's, so I guess it has been a problem that has been with us for a long time.

Senator PELL. With us or with the Anglo-Saxon society? With Great Britain, too?

Mr. TRAINA. I would guess that is true.

I think, as a matter of fact, Congress is beginning to address this in a number of ways. The NSF proposals include some improved training of elementary and secondary school teachers to prepare students well for higher education study of science and engineering. There are a variety of programs being developed in cities across the Nation to enrich science education among students, and

I think it is beginning to be communicated to young people that we do value that.

One of the parts of my testimony, as you heard today, had to do with we must provide the facilities in which they can do this work not only because it is needed, but because it conveys to them that we value this kind of activity.

Senator PELL. Thank you very much.

I'll turn to Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman.

I'd like to start, Ms. Taylor, with your comment about the Mid-America Law School Library, since it is at Washburn University in Topeka, KS. Did the funding for that come through II-B? You were speaking of II-B at that point——

Ms. TAYLOR. Yes; I believe it was actually through II-D.

Senator KASSEBAUM. OK. If that is eliminated, where would some of these programs go to get support?

Ms. TAYLOR. I think literally in many cases, they would have no place to go unless they were very fortunate in having a local foundation, perhaps, as we do in Rhode Island that might support something of that nature.

The problem with technological projects is that they are not very attractive to private donors. It is hard to get a layperson to understand the significance of some of these projects and to want to give money to something that, for example, it is hard to put your name on. So the Federal Government has played a tremendously important role in providing this kind of funding, which then of course makes the material owned by these institutions available to scholars and researchers all over the Nation.

Senator KASSEBAUM. You mentioned you had gotten a library science fellowship, I assume, through this program.

Ms. TAYLOR. Yes.

Senator KASSEBAUM. It is the administration's recommendation, as I understand it, to repeal title II except for the Library Career Training Program. That program would be consolidated into the National Graduate Fellowships Program, so this fellowship would still be available.

Ms. TAYLOR. Yes, it would, Senator. What we fear, I think, is that it would be buried in that program; that it would be the smallest of all the programs. There has been a tradition of zeroing out this funding in past administration budgets, and we are concerned that if it does not remain where it is, it would simply vanish for all intents and purposes.

Senator KASSEBAUM. Well, I am a strong supporter of libraries and library science. There is a shortage, as you say—I think there has been for several years—of individuals going into the field of library science. I guess one would always hope that it doesn't get buried. At the same time, I am a believer in consolidation and better coordination, and I think you have to fight to make sure it doesn't get lost. I just wondered what your thoughts were on that recommendation—obviously, not particularly favorable.

Dr. Traina and Dr. Bartlett, you have both spoken in some very interesting detail on the importance of FIPSE, the importance of title VII, and the reasons you believe the recommendations of the administration would not be successful in continuing initiatives

that you feel are of value. I don't have any further questions, because I think you made your case well.

The only thing I would add is that I think our colleges and universities will have to establish priorities. Should federal support for various programs be reduced or eliminated, institutions will have to then look to their own budgets or discontinue these initiatives. I'm sure in every State that colleges and universities are really scrambling for State dollars or private funding support, and it is very, very difficult. So I sense your concern, and I think it is a valid one, about what might happen to some of these programs if the Federal funding is no longer there.

I just thank you for your testimony and think you've made the case very well.

Senator SIMON [presiding]. Senator Jeffords.

Senator JEFFORDS. Thank you.

I certainly want to commend you, Dr. Bartlett, on your utilization of the various resources that are available to us in order to upgrade our approach to economics. Are you available to come and teach courses here?

Ms. BARTLETT. Any time. [Laughter.]

Senator JEFFORDS. Good, fine. I'm sure we could all use one. In fact, I'd love to play around with some of those economic models sometime. Maybe I can go out and visit you.

As I mentioned in my opening statement, I am deeply concerned about the State of our facilities and the ability of this Nation to conform to the needed charges. I have done some quick figuring here, which may be wrong, but our authorization levels are presently at $250 million. In contrast, our funding levels in this area are about $50 million. If we were to solely use the $50 million to upgrade our facilities, we would be lucky if we completed the job by the year 2000! Presumably, if we went to a 50 percent match, we could possibly reduce that somewhat.

I feel that it is incredibly important for us to become more aware of the need for imporvement in these facilities. I presume that the $60 billion level that we have been given to address this need is going to increase relatively rapidly if we don't increase the funding considering buildings are getting older and modern technology is moving forward. Is that a correct assumption?

Mr. TRAINA. I'm not sure that is a correct assumption whether that number will increase rapidly—but it certainly will increase. I think one of the important things to say about this is that the Federal Government selected higher education as the place in which it was going to vest a great deal of the responsibility for research in this country, therefore provided the funds for the infrastructure, and now the campuses have the infrastructure, and the support to keep it going is no longer there.

There are far more needs on campuses than simply for research, so some of us are a bit vexed about how to come to you about this. I think we do have the appreciation that you are most likely to respond in that area of research because you recognize it, as we do, as part of the effort to be competitive in the long run.

I simply think that the way we are spending funds right now, with earmarked projects, is not sufficiently leveraging private money nor in some cases the now diminishing amounts of State

money, the way Federal Government money once did when we had it in programs. It makes a great deal of difference. Higher education operates best as most endeavors do when they are competitive. But when there are competitions for money, institutions organize, they get enthusiastic, they develop strategic plans; people associated with the institution become enamored of achieving the goal, and they begin to find ways to accomplish it. So that one dollar of Federal money, when you say it needs to be matched, even if it were a one-to-one match probably ends up with a one-to-five match in the end because you are generating a lot of interest in the development of new facilities. We see it happening all the time when we are able to get matching funds from private foundations, for example.

Senator JEFFORDS. Well, now that my own institutions have been earmarked, I am unstandably more interested in your proposal. I was successful in getting the NSF program, and I wonder if you are familiar with how it works—it's on a grant basis. Is that a better approach?

Mr. TRAINA. Are you talking about the facilities modernization program? I think it is working very, very well, if that is your reference—the $20 million.

Senator JEFFORDS. Yes, the $20 million.

Mr. TRAINA. I think it was authorized at about $250 million.

Senator JEFFORDS. One hundred fifty, I believe.

Mr. TRAINA. One hundred fifty, that's right. And $20 million was provided.

Senator JEFFORDS. So you think we should push for that sort of a program as we try to do something about improving our facilities, not just science——

Mr. TRAINA. Because of its multiplier effect.

Senator JEFFORDS. I appreciate that. I am groping right now as to what to do with title VII to make it more effective. Do you have any ideas—I know you mentioned some.

Mr. TRAINA. We do have some recommendations in my testimony that refer to the technical dimensions of this. Some of them have to do with the levels of funding of different programs, for example, half to the undergraduate and half to the graduate side. The amount of dollars now being provided are small enough that to have the division of funds across States seems not to be very useful.

Incidentally, one of the curious effects of earmarking—earmarking has been attractive to some people because it will not favor particular kinds of institutions; yet about half the money has gone to five States, and about half the money has gone to the most elite institutions. So it hasn't been working the way earmarking has been said to work.

Senator JEFFORDS. I understand. I would like to work with you and others in finding a way to make title VII more effective, and I want to get over the reasonable authorization levels right now. I think we should make the Nation more aware of the needs out there if we are serious about dedicating the resources needed to keep this Nation competitive. I focused on science because I have previously done so in the past, but I certainly agree that it is an across-the-board facilities problem that we face. We need to alert the Nation of this problem if we are going to retain whatever edge we may currently have in the educational field. The success we had

in addressing a similar problem after World War II is a good example of the kind of success we could have today if we addressed this problem correctly and with expedience.

Thank you.

Senator SIMON. Let me apologize. We had a mark-up in the Judiciary Committee, and I did not get to hear the testimony of the three of you or of the other panels. But I caught the tail end of it, and you are talking about resources. I think one of the things the higher education community has to realize is that if we are to do in this higher education reauthorization something other than the kind of tinkering that we did the last two times, if we are really to dream about the kind of America we are going to build, the higher education community is going to have to come along and do something they have not done ordinarily, because under the budget agreement, if we are to add significantly, we are going to have to add to the revenue side. And the higher education community is going to have to do something it has not been accustomed to doing, and that is to stand up and say: We're going to not only support more money for the Brown University Library or for Clark University or for Denison University, but we're willing to stand up also for the revenue. It is vital.

There is no better illustration that libraries, and incidentally, Brown University has the greatest collection of Abraham Lincoln material of any university, thanks to Abraham Lincoln's secretary, who was an alumnus of Brown University.

But it becomes a very easy thing in a university—I'm not going to pick on Denison or Clark—but in any university, if you are really short on funds, you can cut out some of the library books, some of the newspapers you get from other countries, some of these kinds of things. The campus looks the same; there is no visible change. But you are changing something in terms of quality. And if we don't get the resources for higher education, we're going to change quality, and we are changing quality.

I think we ought to clearly make the Pell Grant an entitlement if we are going to do what we ought to do for this country. But that is going to take resources, and we're going to need you to stand up.

I thank you for your testimony, and I apologize again that I had to be in another committee for a mark-up.

[Additional statements and material submitted for the record:]

BISHOP STATE COMMUNITY COLLEGE

351 NORTH BROAD STREET

MOBILE, ALABAMA 36690

May 17, 1991

The Honorable Claiborne Pell, Chairman
Subcommittee on Education, Arts and the Humanities
United States Senate
SD648 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to urge continuation and enhancement of the Historically Black Colleges and Universities (HBCU) Program when the Subcommittee on Education, Arts and the Humanities deliberates on the reauthorization of the Higher Education Act. I would encourage special consideration for community colleges for the reasons explained below, and would appreciate insertion of my comments in the Subcommittee record.

As president of one of the seven community or technical colleges that are designated as HBCU's in the State of Alabama, and as a Member of the House of Representatives in the State Legislature, I have had a unique perspective on the operation of the Federal HBCU initiative. Mr. Chairman, although I know you are both aware and sensitive to the problem, let me very briefly outline some of the more relevant data on minorities so that I can put the role of Black community colleges into context.

Nationally, nearly one third of Blacks and Hispanics have incomes below the poverty level. Epidemic levels of drugs and violent crime in our communities have reduced life expectancy and increased infant mortality rates dramatically for Black Americans. Unemployment rates for minorities are almost three times that of Whites. Functional literacy is declining at a frightening pace.

In Mobile, Alabama, where Bishop State Community College is located, approximately 30% of the population is Black. Eighteen percent of all families in the city are considered low income. In the immediate urban area served by Bishop State, 81% of the families are low income and 27% receive some sort of public assistance. The median educational level attained by persons within this designated area is 9.2 years, with only 26.7% being high school graduates. Such is the challenge we find ourselves facing.

The main focus of the Bishop State Community College is toward the students of inner city Mobile and Prichard who have traditionally made up 90% of the College's enrollment. Bishop State provides a core of courses leading to three types of degrees: the Associate Degree in Arts, the

Associate Degree in Science and the Associate Degree in Applied Science. Bishop State also offers vocational certificates in career occupation programs, as well as community services programs for youths and the adult out-of-school population.

The Historically Black Colleges and Universities Program as primarily reflected in Title III monies has provided the springboard for a variety of initiatives that help to prepare our graduates for productive careers in a competitive economy. The 1989-90 Title III Project at Bishop State included eight program activities, including: Academic Success Through Student Retention; Comprehensive Student Outcome Measures; Computer Assisted Instruction; Comprehensive Planning and Institutional Effectiveness; Faculty and Staff Development; Renovation and Improvement of Instructional Facilities; Improvements of the College's Computer System; and Title III Coordination and Evaluation.

All of these activities were designed with specific objectives in mind, namely: to prepare students for job entry and careers that are realistically available in the community; to serve constituents who need additional training for advancement in their present fields or retraining for employment in new fields; to provide community service programs in cooperation with community agencies; to provide educational programs to meet the needs of employers in the area; and to serve persons who desire special classes and workshops in personal development, civic affairs and cultural enrichment.

Mr. Chairman, the importance of the Historically Black Colleges and Universities Program to community colleges such as Bishop State cannot be overstated. Minority community colleges frequently provide the most accessible means of developing career potential for disadvantaged individuals whether they are graduating high school seniors or veteran workers seeking to enhance skills in preparation for a job switch. It is activities such as those described above which place Historically Black Community Colleges at the cutting edge of services delivery to minority communities. Accordingly, I would request that the Subcommittee on Education, Arts and the Humanities be mindful of this fact in considering the role of the Historically Black Community Colleges in the Committee's deliberations on the reauthorization of the Higher Education Act.

I appreciate your attention to this important matter and would be happy to provide you with any additional information. Moreover, I am prepared to discuss this question with you personally, if appropriate, or I could testify before the Subcommittee. Again, thank you.

Sincerely,

Yvonne Kennedy

Yvonne Kennedy, Ph.D., President

cc: The Honorable Howell Heflin
The Honorable Richard Shelby
The Honorable Sonny Callahan

RECOMMENDATIONS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT FOR TITLE VI, INTERNATIONAL EDUCATION, AND FULBRIGHT-HAYS (102(b)(6))

INTERASSOCIATION TASK FORCE
ON HEA-TITLE VI/FULBRIGHT-HAYS (102(b)(6))
MAY, 1991

EXECUTIVE SUMMARY

Overview

In January 1991 the Interassociation Task Force on HEA-Title VI/Fulbright-Hays (102(b)(6)) was formed to follow-up on a process begun last year by the National Association of State Universities and Land-Grant Colleges (NASULGC) to review Title VI for its reauthorization by the 102nd U. S. Congress. The Task Force consisted of campus representatives from six higher education associations, and was supplemented by the participation of the associations' governmental relations and international education staff. A detailed set of legislative amendments were developed for both HEA-Title VI and Fulbright-Hays (102(b)(6)).

The Task Force reaffirms support for these programs as vital to the national interest, and underscores the important Federal role in international education. This role stems from the direct relevance of international competence to the conduct of U. S. foreign policy, and the health and vitality of the U. S. economy in a global marketplace. The amendments recommended address from a higher education perspective the growing call for international capacity building in the U. S. in response to overseas challenges. The Task Force deplores the stagnating funding levels for these programs since the early 1970s, but is optimistic that the small increases for Fiscal Years 1990 and 1991 began an upward trend. It is hoped that the challenges the U. S. faces in an increasingly complex international scene will move the U. S. Congress and the Administration to place a higher priority on strengthening the nation's international expertise.

HEA-Title VI/Fulbright-Hays (102(b)(6)) Programs and History

The international education programs of HEA-Title VI/Fulbright-Hays(102(b)(6)) have been the primary response of the federal government to meeting the nation's need for international expertise. Title VI programs were originally introduced as part of the National Defense Education Act of 1958, enacted at the high point of the Cold War. Federal investment in this program reached a peak in the late 1960s, resulting in a successful partnership between the government and United States higher education. Title VI funds played a key systemic role, inducing universities to create and support high-quality graduate training and research programs that produced well-trained specialists whose expertise spanned the globe. These foreign area experts who graduated from Title VI centers staffed government agencies, international organizations, and university centers; produced research that set new standards of quality and coverage; and trained a second generation of international experts to continue the effort. The strategic use of Title VI funds established a foundation of knowledge and expertise that was the primary source of the United States' international competence during the Cold War period.

In order to expand and enhance the nation's capacity in international studies and foreign languages, Title VI also was authorized over time to support cost effective programs at the undergraduate level; a foreign periodicals program; summer language institutes; and business and international education programs and centers. Other activities were added over the years through regulations or the U. S. Department of Education's grant proposal priorities.

Several closely related overseas programs are supported under Fulbright-Hays(102(b)(6)), such as group projects abroad, research seminars abroad, faculty research abroad, and doctoral dissertation research abroad. This program was first authorized in 1964 under the Mutual Educational and

Cultural Exchanges Act (Fulbright-Hays), and unlike the other Fulbright-Hays programs, is administered under an Executive Order by the U. S. Department of Education as an overseas program complementary to Title VI.

During the 1970s and 1980s, the federal investment in Title VI and Fulbright-Hays (102(b)(6)) programs steadily eroded through inflation, the devaluation of the dollar, and inadequate funding. Compared to the purchasing power available to these programs in the late 1960s, current funding levels are down 37% for Title VI and 51% for Fulbright-Hays (102(b)(6)). Indeed, in Fiscal Year 1991, funding for HEA-Title VI and Fulbright-Hays(102(b)(6)) combined represented a mere .0017 of the total available funds for the U. S. Department of Education.

Major Legislative Proposals For HEA-Title VI

- The national resource center program should be enhanced with a set of optional funding packages the Secretary can make available to encourage outreach and dissemination activities in addition to the centers' core mission.
- The undergraduate area and language centers section should be amended to emphasize the need for greater diversity in programs.
- The national language resource center section should be amended to ensure that the centers are national in scope and few in number, with a more concentrated focus of limited resources.
- The unfunded second-tier fellowship (FLAS) program for advanced doctoral students should be amended to shift the administration to the national resource centers which administer the first-tier.
- The undergraduate section 604 should be revised to better address growing undergraduate demands for internationalization: subsection (a) should be turned into a "seed" funding program, and the unfunded subsection (b) should be replaced with a well-defined program to help stabilize programs of demonstrated excellence.
- A new subsection should be added to the summer language institutes program, authorizing summer institutes for foreign area and other international studies, or combinations of fields.
- The research and studies section should be updated and revised to reflect emerging challenges in international education.
- The periodicals programs should be amended to allow the collection of research materials that may exist only in manuscript or other form.
- The equitable distribution of funds section should be amended to enhance funding for undergraduate programs.
- The national resource center, undergraduate, and two business programs should be amended to authorize linkages with overseas institutions of higher education and other organizations.
- Language should be added to the general provisions to ensure that new activities or programs are funded with only new appropriations above the FY 1992 level.
- The authorization levels for Title VI programs should be increased to total $130 million for FY 1992 and such sums as may be necessary thereafter.

Legislative Proposals for Fulbright-Hays (102(b)(6))

- As a parallel activity to the Title VI reauthorization, it is recommended that Fulbright-Hays (102(b)(6)) be transferred from the Mutual Educational and Cultural Exchange Act to a new Part C of Title VI.
- Eligibility should be extended to persons whose careers will have an international dimension.
- New language should be added to promote advanced research overseas by consortia of institutions of higher education.

Other Recommendations

- The Congress is asked to request a study of the Center for International Education's staffing needs, and if deemed necessary, to provide the appropriate increases in administrative funds for hiring additional staff.

PREFACE

The original programs that now form part of Title VI of the Higher Education Act were created in 1958 out of a sense of national crisis about our ignorance of other countries and cultures. Over the years, this sense of urgency diminished. The United States failed repeatedly to read clear signs about the internationalization of the economic order and the shifting balances of power worldwide. As a result, the federal investment in the creation and maintenance of vital international competence has dwindled to levels that seriously weaken our national ability to understand and adjust to the emerging international order.

Over the history of the reauthorizations of Title VI, many different groups involved in the creation and maintenance of international competence have come to the federal government to make their case. This usually has taken the form of small coalitions or separate voices arguing for their particular programs.

The following document is the result of a very different kind of process. It began when the new Division of International Affairs of the National Association of State Colleges and Land-Grant Universities sponsored a workshop on the reauthorization of Title VI in early 1990. From this effort and nine months of deliberations, emerged a NASULGC policy paper. At that point, the American Council on Education coordinated the creation of an interassociation task force to build on and broaden the effort. The task force involved campus-based representatives of six higher education associations in an attempt to develop a common set of positions on the reauthorization of Title VI, and on Section 102(b)(6) of the Mutual Educational and Cultural Exchange Act (Fulbright-Hays).

The process involved finding a common ground among the foreign language and area studies community, the land-grant universities, the state colleges and universities, the independent colleges and universities, the community and junior colleges, and the historically-black institutions of higher education. Through open and frank discussions, a set of quite substantive recommendations were developed and agreed upon.

In the following document, both detailed positions and general rationales are presented. The funding authorization proposals are realistic and modest, if we consider the scope of the challenges the United States faces. The proposed redesigns of the legislation are based on the accumulated knowledge the participants have from decades of experience with Title VI and Fulbright-Hays (102(b)(6)).

With a renewed sense of urgency about the United States' international competence, we offer this document in hopes that the U.S. Congress and the Administration will show their readiness to reverse the dangerous decline in our ability to operate with knowledge and understanding in the international arena.

Davydd J. Greenwood
Chair, Interassociation Task Force on HEA-Title VI/Fulbright-Hays (102(b)(6))
Director, Mario Einaudi Center for International Studies, Cornell University

INTERASSOCIATION TASK FORCE ON HEA-TITLE VI/FULBRIGHT-HAYS (102(b)(6))

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INTRODUCTION

As the United States approaches the end of the 20th century, it finds itself part of an increasingly complex international scene. The nation faces new challenges and new opportunities: the restructuring of Europe following the collapse of communism and Soviet dominance; the need to enhance U. S. competitiveness in world markets; the rise of new regional trading blocks, such as a unified European economic community in 1992; threats to peace from mid-level military powers, resulting in regional aggressions such as the Falklands War and the Iraqi invasions of Iran and Kuwait; the enormous political and economic transformations occurring in our own Southern Hemisphere, Asia, and Africa; environmental problems of global scope that require international solutions; the approach of major transformations in world sources and supplies of energy; increasing contrasts between the wealth of industrial and newly industrializing countries, and increasing famine and poverty in other societies.

In less than two decades, such international challenges have taken on extraordinary salience for the United States. Twenty years ago most of the world's largest banks were American; today only two U. S. banks rank among the top twenty. In the same period the share of the U. S. gross national product resulting from international trade has tripled. In less than a decade foreign capital flows and a negative trade balance have transformed the U. S. from the largest creditor nation in the world to the largest debtor nation in history.

Most of the international security responsibilities of the United States remain in place at great cost. Even as the military threat posed by the Cold War recedes, regional instabilities underscore the need for international peace-keeping mechanisms. The relatively predictable world order that emerged following U. S. and Soviet victories in World War II has become uncertain. New approaches to economic and environmental cooperation, conflict resolution, and national security are required in a world marked by the increasing dispersion of economic and military power.

A healthy new element in the national equation is the rise of demand to internationalize U. S. institutions as a means of adding to the capabilities of both the private and the public sectors. The growing call for international capacity-building in response to overseas challenges will increase the demand for specialists in foreign language, area studies and other international fields, and further exacerbate the predicted shortfall in their production. Many in the public and private sectors have called for measures to internationalize undergraduate education across all levels of postsecondary institutions as a means to create a more informed citizenry; to add international dimensions to graduate training in professional fields with overseas applications, such as business, law, medicine, and engineering; and to utilize well-trained foreign area specialists in government, academia, and business.

The international education programs of HEA-Title VI have been the primary response of the federal government to meeting the nation's need for international expertise. Title VI programs were originally introduced as part of the National Defense Education Act

of 1958, enacted at the high point of the Cold War. Federal investment in this program reached a high point in the late 1960s, resulting in a highly successful partnership between the government and United States higher education. Title VI funds played a key systemic role,
inducing universities to create and support high-quality graduate training and research programs that produced well-trained specialists whose expertise spanned the globe. These foreign area experts who graduated from Title VI centers staffed government agencies, international organizations, and university centers; produced research that set new standards of quality and coverage; and trained a second generation of international experts to continue the effort. The strategic use of Title VI funds established a foundation of knowledge and expertise that was the primary source of the United States' international competence during the Cold War period.

In order to expand and enhance the nation's capacity in international studies and foreign languages, Title VI also was authorized over time to support cost effective programs at the undergraduate level; a foreign periodicals program; summer language institutes; and business and international education programs and centers. Several closely related overseas programs are supported under Fulbright-Hays(102(b)(6)), such as group projects abroad, research seminars abroad, faculty research abroad, and doctoral dissertation research abroad.

During the 1970s and 1980s, however, the federal investment in Title VI and Fulbright-Hays (102(b)(6)) programs steadily eroded through inflation. This decline was paralleled by a drop in foundation support. The inadequate national investment was underscored as a problem even earlier than the 1979 report of the President's Commission on Foreign Language and International Studies, which stated:

> **We are profoundly alarmed by what we have found: a serious deterioration in this country's language and research capacity, at a time when an increasingly hazardous international military, political, and economic environment is making unprecedented demands on America's resources, intellectual capacity, and public sensitivity.**[1]

Given this diminished national investment, the general shortfall in the national production of PhDs that is predicted to emerge during the decade will be even more intense for international education fields, which require extra foreign language and area preparation.[2] The number of foreign language and area specialists in training has declined to the point that the nation will be unable to replace all the experts retiring in the 1990s.

The recommendations of the ACE Task Force that follow are designed to encourage a Congressional reauthorization of HEA-Title VI that will better focus the federal role in postsecondary international education. The outcomes of these recommendations are programs, knowledge, and people with international competence. Title VI is a program targeted to strengthen the Unites States' base of knowledge about foreign languages and areas, and other aspects of international studies, while providing cost-effective incentives to disseminate such knowledge across a broad spectrum of institutions.

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SUMMARY OF RECOMMENDATIONS FOR HEA-TITLE VI AND FULBRIGHT-HAYS (102(b)(6))

The following summary outlines the recommendations of the Task Force on amendments to Title VI of the Higher Education Act and Section 102(b)(6) of the Mutual Educational and Cultural Exchange Act, and other related issues. The detailed legislative language recommended is outlined in the following section of this report.

Strengthening of Purpose Statement

The purpose statement to Title VI, Part A is amended in Section 601(b) to reinforce the key mission of Part A to develop a pool of international experts to meet national needs.

Emphasis on Diversity in Undergraduate Area and Language Centers

The need for greater diversity is emphasized in the undergraduate centers and programs of Section 602(a)(1)(B). As an increasing number of institutions seek to internationalize their curricula, student bodies and faculties, excellence in international programs will come in greater variety. This is to be welcomed and encouraged. The U.S. needs a national network of diverse programs at two-year, four-year, private, state, historically-black, and other institutions of higher learning to serve as models and resources for our more than 3,000 higher education institutions. **It is also recommended that committee report language be included to express these views.**

National Resource Centers Linkages with Institutions Abroad

The list of national resource center activities in Section 602(a)(2) is amended to include the establishment of linkages with overseas institutions which tie into the educational scope and objectives of Title VI. Formalized linkage agreements facilitate long-term opportunities for research and experience-based learning in another country, such as internships, study abroad, and curriculum and faculty development, all essential ingredients for developing foreign language, area, and other international competence.

It should be noted that while resources are provided for university linkages with overseas universities under certain USIA and USAID programs, these resources are limited in amount and scope, with objectives that relate to the federal agency's mission. The intention here is not to duplicate such programs, but to enable the Department of Education and the Title VI recipients to establish linkages which specifically tie into the educational scope and objectives of the Title VI mission. This is consistent with the purposes of Part A, as stated in Section 601(b).

Dissemination and Outreach Grants for the National Resource Centers

With only modest funding levels Title VI has created a small but competent system of centers producing specialized faculty, international research, and a corps of international experts. An additional grant program is authorized by adding a new

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paragraph (4) to Section 602(a) to encourage and enable the centers to engage in interactive linkage and outreach activities with a broad spectrum of professional schools, public and private agencies and institutions in the U.S. seeking to internationalize, or in need of international expertise.

For example, international competence in many professional fields is becoming more and more interdisciplinary in nature. The Task Force believes the time is at hand to infuse this expertise into professional and technical fields in which it has often been absent in the past; in a parallel fashion, an understanding of the international dimension evolving in the professional fields should be infused into foreign language, area and international studies. The new language is intended to enable the Secretary to encourage this interactive linkage through grants to the national resource centers for the development of cooperative programs with professional schools and colleges.

The need for public outreach is also increasing as the international scene becomes more complex and unpredictable. The recent crisis in the Persian Gulf this year stimulated a surge in outreach activity by the Middle East Centers. A U.S. Department of Education survey revealed the large extent to which these centers were called upon to provide background information, language assistance, and other expertise to Federal, state, and local government agencies, private organizations, and all sectors of the media.

The Task Force views these linkage and outreach functions as an increasingly important role for the centers; it is a role which is in the national interest, and for which additional funding will be needed to carry out effectively.

Revision of Requirement for Fellowship Recipients

The requirement that Foreign Language and Area Studies (FLAS) fellowship recipients be engaged in a program of "competency-based language training" in Section 602(b)(1)(B) is revised to "an instructional program with stated performance goals for functional foreign language use." While the Task Force is in agreement with Congressional intent of current law to ensure that FLAS recipients are engaged in a language program aimed at developing competency, the Secretary's reference in regulations to "established national standards" is problematic for the less commonly taught languages (LCTLs). "Established national standards" limits the LCTLs to evaluation measures which exist for a handful of languages; these measures are still undergoing revision and are as yet inadequate for many LCTLs. Some of the difficulties include:

1) Many of the guidelines and instruments yet do not take into account certain cultural and linguistic capabilities an LCTL speaker must have, attributes that are very different from Western values and the commonly taught languages (e.g., French, Spanish, German);

2) Instructional materials (basic texts, a target reference grammar, and dictionary) to the advanced level do not exist for many of the LCTLs;

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3) The numbers of students involved in many of the LCTLs are too small to render a national test statistically valid; and

4) Since the time it takes to master these languages is usually much longer than the commonly taught languages, this difference must be taken into account in any nationally applied metric.

Developed in concert with several national language associations, this technical amendment is designed to allow more flexibility for the LCTLs to develop innovative approaches to their curriculum, based on performance goals appropriate to the demands of each language and culture, and unrestricted by a set of national standards as yet inappropriate to the language. **It is also recommended that committee report language be included to express these views.**

Revision of Second-Tier FLAS Program

The unfunded second-tier FLAS program in Section 602(b)(2) is replaced with one less administratively complex. There has been much controversy over spending scarce FLAS funding on an administrative mechanism for a national competition that would be costly and potentially problematic. Since the need for fellowship assistance for advanced doctoral students is widely accepted, the concept of a second-tier FLAS is continued, but the administration is shifted to the the national resource centers which currently administer the first-tier FLAS and are more knowledgeable about their students and their needs.

Focus of Language Resource Centers

Section 603(a), Language Resource Centers, is amended to provide that the centers be national in scope and limited in number, with a broad array of activities required for each one. In light of the national language teaching crisis, this section and the modest funds available should be better focused. Language pedagogy is one of the few international studies fields where a selected few centers can create and disseminate materials of use throughout the nation and the world. National centers should serve as the locations where advanced research on language pedagogy, the development of desperately needed materials, and the training of scholars from throughout the country take place. **It is also recommended that committee report language be included to express these views.**

Technical Amendment to the Language Resource Centers

Throughout the language resource center Section 603(a), the term "proficiency" is replaced with "performance." The use of the term "proficiency" in the statute has become problematic because of its common association with a particular national proficiency testing strategy. As noted in the above amendment to FLAS, the application of current national standards to many less commonly taught languages is as yet inappropriate. While the proposed substitution does not change Congressional intent, it does open up opportunities for the development of innovative approaches to the

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training of teachers and the testing of students appropriate to the unique cultural and linguistic attributes of many less commonly taught languages.

Redirection of Section 604(a) Undergraduate Programs

Section 604(a) undergraduate programs is redirected to provide "seed" funding for the creation of new programs or curricula in area studies, foreign languages, and other international fields. A 50% matching is required to encourage undergraduate institutions to demonstrate a commitment to internationalization. These revisions to Sec. 604(a) are proposed to conform to a new subsection (b) recommended below.

Linkages Among Different Postsecondary Institutions/Degree Programs

Paragraph (6) of the list of activities for undergraduate programs in Sec. 604(a) is modified to provide more flexibility for linking international programs among different types of postsecondary institutions and/or different levels of degree programs. The current language of paragraph (6) limits the integration of undergraduate education with only terminal Masters Degree programs. The new language would broaden this authority. For example, in linking activities between institutions, two-year colleges could tap the faculty expertise or library resources of four-year institutions. Linking different degree programs could involve better articulation between courses and requirements in the associate and baccalaureate degrees, or between baccalaureate and masters degrees.

Undergraduate Programs of Demonstrated Excellence

The unfunded Sec. 604(b) undergraduate programs is replaced with a new program which addresses the immediate challenges of internationalization at the undergraduate level. Congress designed the current subsection (b) to encourage an increase in language enrollments; this is no longer necessary as recent surveys completed by the Modern Language Association show an 8.5% increase in undergraduate language enrollments between 1980-1986. The 1986 survey revealed that for the first time in fourteen years, the total number of undergraduate enrollments exceeded one million.[3]

This amendment addresses three strategic objectives:

1) Preparing students for whom the undergraduate degree is the terminal degree to meet the challenges of operating within an increasingly globalized system;

2) Expanding the pool of competent undergraduates from which to develop post-graduate foreign language, area studies, and other international expertise; and

3) Strengthening undergraduate institutional capacity for developing quality undergraduate and eventually graduate level international programs where appropriate.

While the modest funding levels of Title VI cannot possibly address the needs of all U.S. undergraduate institutions, a strengthened Sec. 604 can provide start-up incentives

through subsection (a) programs, and capacity-building grants to stabilize programs of demonstrated excellence, through subsection (b) programs. The proposal includes a list of activities believed to be essential for effective international programs. Since institutions throughout the nation vary in their level of progress and sophistication in these activities, this package should be offered as a menu of options from which an institution can choose to further strengthen and stabilize a program which has otherwise demonstrated excellence.

Included in the list of activities is study abroad. Educational experiences abroad are a significant factor in developing international expertise, but they have been limited for the most part to Western Europe and to the humanities. They have not attracted students in the sciences or pre-professional programs, and there has been minimal participation by low-income and minorities. It is intended that this new authority encourage the development of study and internship programs in the developing world and in new disciplines, and for a broader range of students.

Definition of Non-Federal Cost Sharing

A new subsection (d) is added to Section 604, defining the non-Federal share of the cost of programs required in subsections (a) and (b) as proposed for revision. The non-Federal share may be either in cash or in-kind assistance, and may consist of institutional and non-institutional funds, including state and private sector contributions.

Summer Institutes for Foreign Area and Other International Studies

A new subsection is added to the Section 605 intensive summer language institutes program to authorize summer institutes for foreign area and other international studies. Section 605 was enacted by Congress in the last reauthorization, but regrettably has never been funded. There are several underlying reasons summer institutes can play a pivotal role in international training:

1) Summer is a good time to organize a mass of students studying less commonly taught languages. Such students still tend to be few in numbers, so that a summer institute can enable a gathering from institutions throughout the nation;

2) Summer institutes provide large blocks of time for language immersion training, an effective language training technique difficult for a student to undertake when involved in a full-time degree program;

3) Summer as a break between academic years is a good opportunity for overseas institutes, thus facilitating language immersion programs; and

4) Extending the authority for institutes to area and international studies, or combinations thereof (including languages) is a good way to disseminate the research and knowledge developed at centers supported by Title VI to people of other institutions without such centers. In addition, these institutes will enable an intensive focus on interdisciplinary faculty training and the development of state of the art interdisciplinary and other curriculum materials that improve

the production of international expertise.

Revision and Update of Research and Studies

Section 606, Research; Studies; Annual Report, is rewritten to reflect emerging challenges in foreign language, area studies, and other international fields. Growth and evolution in international education has occurred in recent years, but much needs to be accomplished, including an expansion in research and dissemination. This should be a higher priority for the U.S. Department of Education, in keeping with the Federal role to promote education research and dissemination. The list of possible research studies is revised to include activities viewed as critical to the further development of foreign language, area studies, and other international fields. In addition, because this function is so important, the word "announce" is inserted in subsection (b) to encourage the Secretary to be fully proactive in making the results of research projects known and available to the education community. **It is also recommended that committee report language be included to express these views.**

Technical Amendment to Periodicals Program

Section 607 authorizing the collection of periodicals published outside the U.S. is amended to allow the collection of timely research materials that may exist only in manuscript or other form, and which would be vital to a world area collection. This is especially important in relation to developing nations, and less commonly taught areas of the world.

Authorization of Appropriations for Periodicals and Other Research Materials Published Outside the United States

The separate authorization of appropriations cap for the periodicals and other research materials programs in Section 607(a) is increased from $1 million to $8.5 million for FY 1992, and such sums as may be necessary thereafter. This section addresses a critical component of the Title VI mission to secure access to foreign research and information at a time of unprecedented change in the international order. Rising inflation and dollar devaluation has resulted in rapidly increasing publications costs. Concomitantly, many libraries are facing local budget crises. If funded, this program can play a pivotal role in ensuring both the survival of our national resource collections from around the world, and the ability to keep these collections current.

Distribution of Funds to Undergraduate Programs

Paragraph (a) of Section 609, the equitable distribution of funds, is amended to encourage the Secretary to enhance funding for the undergraduate programs in Section 604. While current Title VI funding is much too low to address the needs of over 3,000 U.S. undergraduate institutions, a greater proportion of new funds should be committed gradually to Section 604 in order to eventually reach a proportion of 20% of total funding for Part A. Section 604 is currently at about 10% of total Part A funds.

This is important from the standpoint of building a base upon which graduate and post-graduate foreign language, area, and other international expertise may develop. It is also critical for those students whose careers will have an international dimension, such as in the technical and professional fields.

Authorization of Appropriations for Part A, International and Foreign Language Studies

The authorization of appropriations cap for Part A programs (other than Section 607, Periodicals) in Section 610 is increased from $49 million to $102 million for FY 1992, and such sums as may be necessary thereafter.

During the last two decades, the Federal investment in Title VI has steadily eroded through inflation and inadequate funding. Appendices A, B and C illustrate the inflationary toll on both appropriation and authorization levels for Title VI since its first funding in Fiscal Year 1959. Appendix A shows that the high point in funding as expressed in constant 1991 dollars occurred in Fiscal Year 1967: $63.5 million. By comparison, the Fiscal Year 1991 level of $40 million represents a 37% decrease in purchasing power. Indeed, this Fiscal Year 1991 level for Title VI, combined with the appropriation for Fulbright-Hays (102(b)(6)), represents a mere .0017 of the total available funds for the U. S. Department of Education.

However, when analyzing the Title VI funding history, it is important to keep in mind that up until the early 1970s, Title VI programs included only the graduate and undergraduate language and area centers, FLAS, research and studies, and language institutes. As Appendix B illustrates, a comparison of FY 1991 funding for only these comparable programs with the FY 1967 funding level as expressed in constant 1991 dollars, reveals a 55% reduction in purchasing power.

Since its original enactment in 1958 under the National Defense Education Act (NDEA), several valuable new programs and activities have been added through statutory language and the U.S. Department of Education's grant proposal priorities. However, concomitant addition of funding did not follow, thus compounding the inflationary attrition of resources.

Appendix D illustrates that Title VI's highest statutory authorization cap, as expressed in constant 1991 dollars, was $204 million in FY 1974. By comparison, the last statutory authorization cap was in FY 1987, at $55 million. The time is at hand to reverse the inadequate level of support for Title VI, and to provide authorization levels which, if funded, would restore the purchasing power of the original programs' early years, and provide the amounts needed to meet the requirements of valuable additional programs and activities.

A $102 million authorization level for Part A would allow:

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1) An increase in the average grant award for the existing 105 national resource centers, so as to restore the purchasing power and capacity of the late 1960s and to enable the centers to adequately meet the additional demand in services outlined in these amendments for dissemination, outreach, and linkages overseas. The Fiscal Year 1991 average grant of $135,000 is 41% below the program's peak Fiscal Year 1967 average grant of $230,575 to 106 centers, as expressed in constant 1991 dollars.

2) A restoration of FLAS grants from their Fiscal Year 1991 estimated number of 994 to their Fiscal Year 1967 peak level of 2300, plus an increase in stipends to the Title IX stipend level of $10,000;

3) Funding of the second tier FLAS program as proposed for amendment by this report;

4) A greater Federal investment in enhancing the international capacity of two- and four-year undergraduate institutions through an increase in funding for Section 604, as proposed for amendment by this report; and

5) Funding of an expanded intensive summer institute program, and increased funding for the national language resource centers and an improved research program.

Technical Amendment to Centers for International Business Education

The list of programs and activities required of the centers for international business education in Section 612(c)(1)(C) is amended to ensure that intensive language programs are viewed as only one of a number of effective methods these centers can use to meet the foreign language needs of business.

Linkages with Overseas Institutions Authorized Under Part B, Business and International Education Programs

Section 612(c)(2) of the Centers for International Business Education, and Section 613(b) of the Business and International Education Programs are amended to allow the establishment of linkages with overseas institutions which tie into the educational scope and objectives of Title VI. This authority is consistent with the purposes of Part B, as stated in Section 611(b). Formalized linkage agreements facilitate long-term opportunities for research and experience-based learning in another country, such as internships, study abroad, and curriculum and faculty development. These are essential ingredients for developing foreign language, area, and other international competence.

Authorization of Appropriations for the Centers for International Business Education

The authorization of appropriations cap for the business centers is increased from $7.5 million to $12 million for FY 1992, and such sums as may be necessary thereafter. The program is underfunded relative to the wide variety of activities the statute requires the existing sixteen centers to undertake. A $12 million authorization level envisions adequate funding of existing centers to effectively fulfill this mandate, and an additional five to seven centers which would truly provide a network of national and regional resources for improving the competitive economic position of the U.S.

Authorization of Appropriations for the International Business Education and Training Programs

The authorization of appropriations cap for the international business education programs in Section 614(b) is increased from $5 million to $7.5 million for FY 1992, and such sums as may be necessary thereafter. Open to two- and four-year institutions as well as university business programs, this section offers an important mechanism by which business schools can develop new initiatives in response to the increasingly competitive global business environment. Given the rising demand on campuses for active participation of business schools in new international ventures, such as interdisciplinary programs, and the increasing needs of business for innovative program and course offerings, a higher authorization level would allow an increase in the average size of the grants and in the number of institutions which could be funded.

Preservation of Pre-1992 Programs

A new Section 623 is added to Part C, General Provisions, intended to ensure that the Secretary does not fund new activities or programs at the expense of existing activities or programs. The modest funding history of Title VI and the inadequate support now provided to existing programs have been noted above. At the same time, we have recommended numerous additional activities and programs which we believe are necessary components to meeting the nation's growing need for international expertise, and to promoting the internationalization of the wide spectrum of U.S. institutions of higher education. It is our intention that these new activities and programs be funded through new appropriations above the Fiscal Year 1992 level.

Transfer of Fulbright-Hays(102(b)(6)) to Title VI

The current Part C, General Provisions, is redesignated as Part D, and a new Part C is added to include Section 102(b)(6) of the Mutual Educational and Cultural Exchange Act (Fulbright-Hays). This program is administered by the U.S. Department of Education under an Executive Order as the overseas program complementary to Title VI. Activities include doctoral dissertation research abroad, faculty research abroad, group projects abroad, and special bilateral projects.

Appendix D illustrates that funding for this program as expressed in constant 1991 dollars has declined by over 50% since its high point in Fiscal Year 1967. The program continues to diminish, and many well-qualified projects are turned down for lack of funds. Approximately 85 doctoral researchers are sent abroad today, whereas in the program's early years, 125-150 were sent. The Fiscal Year 1991 appropriation enabled funding of only 40-50% of the program's total fundable applicant pool.[4]

Although this program is administered by the U. S. Department of Education and funded by the House and Senate Subcommittees on Labor, Health and Human Services and Education Appropriations, it falls under the oversight jurisdiction of the House Foreign Affairs and Senate Foreign Relations Committees. Though Title VI is

reauthorized every five years, Section 102(b)(6) has a permanent authorization and therefore is rarely, if ever, reviewed.

The Task Force believes the time has come for this program to be transferred out of the Mutual Educational and Cultural Exchange Act and included as a new part of Title VI of the Higher Education Act. This will enable the same authorizing committees which have oversight of Title VI to have review over its complementary overseas programs. It is especially important at a time of growth and evolution in international education that the two programs not only be administered together, but reviewed together as well.

In the transfer, the Task Force urges that provision be made to ensure a continued and improved coordination between the U. S. Department of Education and the J. William Fulbright Foreign Scholarship Board, the Fulbright Commissions abroad, and the U. S. Embassies. In addition, we intend that this transfer not be viewed by the Congressional Budget and Appropriations Committees and/or the Office of Management and Budget as a consolidation inviting a reduction in funding. It is our intention as well that Section 102(b)(6) should continue to have a permanent authorization and be treated as a separate but complementary overseas program, with a continued separate line in the budget and appropriations process.

Amendments to Fulbright-Hays(102(b)(6))

In addition to the transfer of this section to Title VI, two amendments are made to the existing statutory language:

1) The current language is unduly restricted to "teachers and prospective teachers." Adding the language "or other persons who have demonstrable need for an international dimension in their education" would open up funding opportunities for faculty and students who are not necessarily planning a career in education, but whose careers necessarily include an international dimension. This will enable the overseas program to conform to the current international needs of disciplines other than education, and to the changes proposed for Title VI.

2) New language is added to promote advanced research overseas by consortia of higher education institutions. Rising inflation in the less commonly taught areas of the world and the constant erosion of the dollar have resulted in escalating costs for conducting these programs overseas. The new language is intended to enable consortia of institutions of higher education to maximize the resources that a combined undertaking in this regard would generate, in ways which could also be utilized by other U.S. institutions of higher education.

Eligibility of American Postsecondary Education Institutions Abroad

The Task Force believes that the existing Title VI and Fulbright-Hays(102(b)(6)) statutes do not exclude from eligibility for funding overseas postsecondary education institutions chartered and accredited by recognized U. S. agencies and organizations.

However, it is also believed that the main objective of these programs is to train U. S. students and faculty in the languages and cultures of other nations. Given the modest funding levels currently available for Title VI and Fulbright-Hays(102(b)(6)) programs, coupled with the growing demand for support from postsecondary education institutions based in the U. S., it is recommended that any participation of American postsecondary institutions abroad contribute directly to the main objective of the international training of U. S. students and faculty. For example, these institutions can contribute to this objective by providing programs, seminars, and summer institutes that immerse U. S. students in the nation's culture and languages. Their participation should occur in the form of a consortium arrangement with postsecondary institutions based in the U. S. **The Task Force recommends that committee report language express these views as the intent of Congress on this matter.**

Center for International Education Staffing

Implementation of the recommendations of this Task Force will require additional staff time at the U. S. Department of Education's Center for International Education (CIE), which is already understaffed. The Task Force recommends that the House and Senate Appropriations Committees direct that a review and study be undertaken of the CIE's staffing requirements, and that if deemed necessary, the appropriate increases in administrative funds for hiring additional staff be allocated.

ENDNOTES

[1] Strength Through Wisdom: A Critique of U. S. Capability, A Report to the President from the President's Commission on Foreign Language and International Studies(Washington, D.C.: U. S. Government Printing Office, November, 1979), p. 1.

[2] The Ph.D. Shortage: The Federal Role, (Washington, D. C.: The Association of American Universities, January 11, 1990.)

[3] Richard I. Brod, "Foreign Language Enrollments in U.S. Institutions of Higher Education - Fall 1986," ADFL Bulletin, Vol. 19, No. 2(New York: January 1988), p. 39.

[4] Data obtained from the Center for International Education, U.S. Department of Education, March 1991.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
Sec. 601. (a) The Congress finds that— (1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas; (2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and (3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capabilities in all areas of knowledge. (b) It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language competition and fluency, and to coordinate the programs of the Federal Government in the areas of foreign language and international studies and research.	Subsection (b) of section 601 is amended by inserting "to develop a pool of international experts to meet national needs," after "acquisition and fluency,".	The title's purpose statement is amended to reinforce the key mission of Title VI and its link to national needs.
	Subsection (a)(1)(B) of section 602 is amended by inserting "a diverse network of" after "and operating".	The need for greater diversity is emphasized in the undergraduate centers and programs under this section. As an increasing number of institutions seek to internationalize their curricula, student bodies and faculties, excellence in international programs will come in greater variety. The U.S. needs a national network of diverse programs at two-year, four-year, private, state, historically-black, and other institutions of higher learning to serve as models and resources for our more than 3,000 higher education institutions. It is also recommended that committee report language be included to express these views.
(2) Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of faculty, staff, and student travel in foreign areas, regions, or countries, the cost of teaching and research materials, the cost of curriculum planning and development, the cost of bringing visiting scholars and faculty to the center to teach or to conduct research, and the cost of training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.	Subsection (a)(2) of section 602 is amended by inserting the following after "to teach or to conduct research,": "the cost of establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the educational objectives of this section for the purpose of contributing to the teaching and research of the center or program,".	Consistent with the purposes stated in Sec. 601(b), the list of national resource center activities is amended to include the establishment of linkages with overseas institutions which tie into the educational scope and objectives of Title VI. Formalized linkage agreements facilitate long-term opportunities for research and experience-based learning in another country, such as internships, study abroad, and curriculum and faculty development. These are essential ingredients for developing foreign language, area, and other international competence. "Other organizations" must clearly relate to the educational mission of Sec. 602, such as educational associations, or governmental organizations.

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	Subsection (a) of section 602 is amended by adding the following new paragraph at the end thereof: "(4) The Secretary may make additional grants to centers designated in paragraph (1)(A) for any one or combination of the following purposes: "(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges. "(B) Programs of linkage or outreach with two- and four- year colleges and universities. "(C) Programs of linkage or outreach with departments or agencies of state and federal governments. "(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.".	The Secretary is authorized to make additional grants to the centers to engage in interactive linkage and outreach activities with a broad spectrum of professional schools, public and private agencies and institutions in the U.S. seeking to internationalize, or in need of international expertise. Disseminating their international expertise is becoming an increasingly important role for the centers, which is in the national interest and which will require additional funding to carry out effectively.

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
(b)(1)(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part. (B) Stipend recipients shall be individuals who are engaged in a program of competency-based language training, or in a program developing competency-based language training, in combination with area studies, international studies, or the international aspects of a professional studies program.	Subsection (b)(1) of section 602 is amended by striking out subparagraph (B) and inserting in lieu thereof the following: "(B) Stipend recipients shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program."	This is a technical amendment which alleviates a problem with existing use of the term "competency-based language training" for the less commonly taught languages (LCTLs). While we are in agreement with Congressional intent of current law to insure that FLAS recipients are engaged in a language program aimed at developing competency, the Secretary's reference in the regulations to "established national standards" (Sec.657.5(f), 34 CFR Part 657) limits the LCTLs to evaluation measures for a handful of languages which are still undergoing revision and which are not yet adequate for many LCTLs. Some of the difficulties include: 1) Many guidelines and instruments do not take into account certain cultural and linguistic capabilities an LCTL speaker must have, attributes that are very different from Western values and the commonly taught languages; 2) Instructional materials (basic texts, a target reference grammar, and dictionary) to the advanced level do not exist for many LCTLs; 3) For many LCTLs, the numbers of students enrolled are too small to render a national test statistically valid; and 4) A nationally applied metric should take into account the longer time it takes to master an LCTL. The legislative changes proposed, developed in concert with several national language associations, will allow more flexibility for LCTLs to develop innovative approaches to their curriculum, based on performance goals appropriate to the demands of each language and culture, and unrestricted by a set of national standards as yet inappropriate to the language. It is also recommended that committee report language be included to express these views.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
(2)(A) The Secretary is also authorized to award, on the basis of a national competition, stipends to students beginning their third year of graduate training. (B) Stipend recipients shall be selected by a nationally recognized panel of scholars on the basis of exceptional performance on a nationally referenced test, if available in the specialty language and evidence of substantial multidisciplinary area training. (C) Stipends may be held for up to a maximum 4 years contingent on periodic demonstration of a high level of language proficiency. (D) Stipends may be used for continuation of studies at the institution where the recipient is currently enrolled and for the conduct of research and advanced language study abroad	Subsection (b) of section 602 is amended by striking out paragraph (2) and inserting in lieu thereof the following: "(2)(A) The Secretary is also authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to students beginning with their third year of graduate training in any center or program approved by the Secretary under this part. "(B) Stipend recipients shall be individuals engaged in completing advanced degree requirements in foreign language, foreign area studies, or other international fields. "(C) Stipends shall be for the purpose of completing degree requirements, such as the pre-dissertation level studies, preparation for dissertation research including the study of less commonly taught languages, dissertation research abroad, and dissertation writing. "(D) Stipends may be held for up to a maximum of four years contingent on satisfactory progress towards completion of the degree program.". Subsection (b)(3) of section 602 is amended by striking out "1985" and inserting in lieu thereof "1991".	The unfunded second-tier FLAS program in current law is replaced with one less administratively complex. There has been much controversy over expanding scarce FLAS funding on an administrative mechanism for a national competition that would be costly and potentially problematic. Since the need for fellowship assistance for advanced doctoral students is widely accepted, the concept of a second-tier FLAS is continued, but the administration is shifted to the structure already in place, the national resource centers. The centers currently administer the first-tier FLAS and are more knowledgeable about their students and their needs. The fiscal year "trigger" for this subsection is updated to FY 91.

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
LANGUAGE RESOURCE CENTERS Sec. 602 (a) The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating language training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include— (1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology; (2) the development of new teaching materials reflecting the use of such research in effective teaching strategies; (3) the development and applications of proficiency testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages; (4) the training of teachers in the administration and interpretation of proficiency tests, the use of effective teaching strategies, and the use of new technologies; (5) the publication of instructional materials in the less commonly taught languages; and (6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community.	Subsection (a) of section 603 is amended by-- (1) striking out "operating language training centers" and inserting in lieu thereof "operating a small number of national language resource and training centers"; (2) striking out "may include" and inserting in lieu thereof "shall include"; and (3) striking out "proficiency testing" each place it appears and inserting in lieu thereof "performance testing".	The language resource center section is amended to provide that the centers be national in scope and limited in number, with a broad array of activities required for each one. In light of the national language teaching crisis, this section and the modest funds available should be better focused. Language pedagogy is one of the few international studies fields where a selected few centers can create and disseminate materials of use throughout the nation and the world. National centers should serve as the locations where advanced research on language pedagogy, the development of desperately needed materials, and the training of scholars from throughout the country take place. It is also recommended that committee report language express these views. In the language resource center section the term" proficiency" is replaced with "performance." The use of the term "proficiency" in the statute has become problematic because of its common association with a particular national proficiency testing strategy. As noted in our amendment to Sec. 602(b)(1)(B), the application of current national standards to many less commonly taught languages is as yet inappropriate. While the proposed substitution does not change Congressional intent, it does open up opportunities for the development of innovative approaches to the training of teachers and the testing of students appropriate to the unique cultural and linguistic attributes of many less commonly taught languages.
Sec. 604. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to assist them in planning, developing, and carrying out a program to strengthen and improve undergraduate instruction in international studies and foreign languages. Grants made under this section may be for projects and activities which are an integral part of such a program, such as— (1) planning for the development and expansion of undergraduate programs in international studies; (2) teaching, research, curriculum development, and other related activities; (3) training of faculty members in foreign countries; (4) expansion of foreign language courses; (5) programs under which foreign teachers and scholars may visit institutions as visiting faculty; (6) programs designed to integrate undergraduate education with terminal Masters Degree programs having an international emphasis; and (7) the development of an international dimension in pre-	Subsection (a) of section 604 is amended by-- (1) striking out "strengthen and" after "carrying out a program to"; (2) insert the following new sentence after the first sentence thereof: "These grants shall be awarded to institutions seeking to create new programs or curricula in area studies, foreign languages, and other international fields."; (3) striking out "may be for projects" and insert in lieu thereof "may be used to pay up to 50 percent of the cost of projects"; and	This amendment would redirect Sec. 604(a) programs to provide "seed" funding for the creation of new programs in international studies and foreign languages at the undergraduate level. A 50% matching is required to encourage institutions to demonstrate a commitment to internationalization. These revisions to subsection (a) are proposed to conform to a new subsection (b) recommended below.

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	(4) striking out paragraph (6) and inserting in lieu thereof the following: "(6) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions; and".	This amendment would modify current law to provide more flexibility for linking international programs between different types of postsecondary institutions and different levels of degree programs. For example, in linking activities between institutions, two-year colleges can tap the faculty expertise of four-year institutions. Linking different degree programs can involve better articulation between courses and requirements in the associate and baccalaureate degrees, or between baccalaureate and masters degrees.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
(b)(1) The Secretary is also authorized to make grants to institutions of higher education whose applications are approved under subsection (a) for the purpose of providing assistance to model programs designed to improve and expand foreign language studies at these institutions. Any institution of higher education desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. (2)(A) An institution of higher education shall not be eligible for a grant under this subsection for a fiscal year unless— (i) the sum of the number of students enrolled at such institution in qualified postsecondary language courses on October 1 of that fiscal year exceeds 5 percent of the total number of students enrolled at such institution; and (ii) such institution requires that each entering student have successfully completed at least 2 years of secondary school foreign language instruction or requires that each graduating student have earned 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in a foreign language). (B) For the purpose of subparagraph (A)(i), the total number of students enrolled in an institution shall be considered to be equal to the sum of (i) the number of full-time degree candidate students enrolled at the institution, and (ii) the number of part-time degree candidate students who are enrolled at the institution for an academic workload which is at least half the full-time academic workload, as determined by the institution in accordance with standards prescribed by the Secretary. (3) As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs assisted with funds under this subsection and require an annual report which evaluates the progress and proficiency of students in such programs.	Section 604 is amended by striking out subsection (b) and inserting in lieu thereof the following: "(b)(1) The Secretary is also authorized to make grants to institutions of higher education or combinations of such institutions for strengthening programs of demonstrated excellence in area studies, foreign languages, and other international fields in order to ensure their self-sustaining maintenance and growth. These grants shall enhance the capacity-building and dissemination functions of existing programs. Grants made under this subsection may be used to pay up to 50 percent of the cost of projects and activities which are an integral part of such a program, such as-- "(A) teaching, research, curriculum development, and other related activities; "(B) strengthening undergraduate majors and minors directly related to the generation of international expertise; "(C) developing new foreign language courses, especially in those languages previously not taught at the institutions, and improving the quality of existing foreign language programs; "(D) expanding library and teaching resources; "(E) establishing linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection; "(F) developing programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;	The unfunded subsection (b) is replaced with a new program which addresses the immediate challenges of internationalization at the undergraduate level. Congress designed the current subsection (b) to encourage an increase in language enrollments; this is no longer necessary as recent surveys completed by the Modern Language Association show an 8.5% increase in undergraduate language enrollments between 1980-86. This amendment addresses three strategic objectives: 1) Preparing students for whom the undergraduate degree is the terminal degree to meet the challenges of operating within an increasingly globalized system; 2) Expanding the pool of competent undergraduates from which to develop post-graduate foreign language, area studies, and other international expertise; and 3) Strengthening undergraduate institutional capacity for developing quality undergraduate and eventually graduate level international programs where appropriate. While modest funding levels of Title VI cannot possibly address the needs of all U.S. undergraduate institutions, a strengthened Sec. 604 can provide start-up incentives through subsection (a) programs, and capacity-building grants to stabilize programs of demonstrated excellence, through subsection (b) programs. The proposal includes a list of activities believed to be essential for effective international programs. Since institutions throughout the nation vary in their level of progress and sophistication in these activities, this package should be offered as a menu of options from which an institution can choose to further strengthen and stabilize a program which has otherwise demonstrated excellence.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(G) disseminating curricular materials and program designs to other educational institutions; "(H) integrating on-campus undergraduate curriculum with study abroad and exchange programs; "(I) developing study and internship abroad programs in locations in which such study opportunities are not otherwise available or study abroad opportunities which serve students for which such opportunities are not otherwise available; and "(J) training faculty and staff in area studies, foreign languages, and other international fields. "(2) As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs."	Educational experiences abroad are a significant factor in developing international expertise, but they have been limited for the most part to Western Europe and to the humanities. They have not attracted students in the sciences or pre-professional programs, and there has been minimal participation by low-income and minorities. This section is designed to encourage the development of study and internship programs in the developing world and in new disciplines, and for a broader range of students.
(c) The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section	Section 604 is amended by adding the following new subsection at the end thereof: "(d) The non-Federal share of the cost of programs funded under this section may be provided either in cash or in-kind assistance. Such assistance may be composed of institutional and non-institutional funds, including state and private contributions.".	This amendment defines the non-Federal share of the cost of programs required in subsections (a) and (b) as proposed, allowing cash or in-kind assistance, and institutional and non-institutional funds.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
INTENSIVE SUMMER LANGUAGE INSTITUTES Sec. 605. (a)(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes. (2) Training authorized by this section shall be provided through— (A) institutes designed to meet the needs for intensive language training by advanced foreign language students; (B) institutes designed to provide professional development and improve language instruction through pre-service and in-service training for language teachers; or (C) institutes that combine the purposes of subparagraphs (A) and (B). (3) Grants made under this section may be used for— (A) intensive training in languages critical to the national economic and political future; (B) training in neglected languages; and (C) stipends for students and faculty attending the institutes authorized by this section. (4) Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602. (b) Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.	The heading for section 605 is amended by striking out "Language". Section 605 is amended by adding the following new subsection at the end thereof: "(c)(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer institutes providing training in area studies or other international fields, or in any combination of area studies, other international fields, and foreign languages. "(2) Training authorized by this subsection shall be provided through-- "(A) institutes designed to provide professional development for current or potential college and university teachers; "(B) institutes designed to assist faculty in professional and technical schools, colleges, and institutes to apply foreign language, area studies, or other international knowledge to their respective professional or technical fields; and "(C) institutes designed to provide foreign language, area studies, or other international knowledge or skills to government personnel or private sector professionals involved in international activities.".	This amendment adds a new subsection to the summer language institutes program to authorize summer institutes for foreign area and other international studies. There are several underlying reasons summer institutes can play a pivotal role in international training: 1) Summer is a good time to organize the low number of students studying less commonly taught languages throughout the nation; 2) Summer institutes provide large blocks of time for language immersion training, an effective language training technique difficult for a student to undertake when involved in a full-time degree program; 3) Summer as a break between academic years is a good opportunity for overseas institutes, thus facilitating language immersion programs, 4) Extending the authority for institutes to area and other international studies is a good way to disseminate the research and knowledge developed at Title VI centers to people of other institutions without such centers. In addition, these institutes will enable an intensive focus on interdisciplinary faculty training and the development of state of the art interdisciplinary and other curriculum materials that improve the production of international expertise.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
RESEARCH; STUDIES; ANNUAL REPORT SEC. 606 (a) The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to— (1) studies and surveys to determine the need for increased or improved instruction in modern foreign languages and in other fields needed to provide a full understanding of the places in which such languages are commonly used; (2) research on more effective methods of providing instruction and evaluating competency in such foreign languages and other fields; (3) the application of proficiency tests and standards across all areas of foreign language instruction and classroom use; and (4) the development and publication of specialized materials for use in providing such instruction and evaluation or for use in training individuals to provide such instruction and evaluation. (b) The Secretary shall prepare and publish an annual report listing the books and research materials produced with assistance under this title	Subsection (a) of section 606 is amended to read as follows: "Sec. 606. (a) The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to--	The research section is rewritten to reflect emerging challenges in foreign language, area studies, and other international fields. Growth and evolution in international education has occurred in recent years, but much needs to be accomplished, including an expansion in research and dissemination. This should be a higher priority for the U.S. Department of Education, in keeping with the Federal role to promote education research and dissemination. The list of possible research studies is revised to include activities viewed as critical to the further development of foreign language.

1987

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector; "(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported; "(3) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education; "(4) research on more effective methods of providing instruction and achieving competency in foreign languages; "(5) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists; and "(6) the application of performance tests and standards across all areas of foreign language instruction and classroom use.". Subsection (b) of section 606 is amended by striking out "prepare and publish" and inserting in lieu thereof "prepare, publish, and announce". The heading for section 607 is amended by inserting "And Other Research Materials" after "Periodicals"	area studies, and other international fields. In addition, because this function is so important, the word "announce" is inserted in subsection (b) to encourage the Secretary to be fully proactive in making the results of research projects known and available to the education community. It is also recommended that committee report language express these views.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
PERIODICALS PUBLISHED OUTSIDE THE UNITED STATES Sec. 607. (a) In addition to the amount authorized to be appropriated by section 399, there are authorized to be appropriated $1,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years to provide assistance for the acquisition of, and provision of access to, periodicals published outside the United States. (b) From the amount appropriated under subsection (a) for any fiscal year, the Secretary shall make grants to institutions of higher education or public or nonprofit private library institutions or consortia of such institutions for the following purposes: (1) to acquire periodicals published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance; (2) to maintain current bibliographic information on periodicals acquired in machine-readable form and to enter such information into one or more of the widely available bibliographic data bases; (3) to preserve such periodicals; and (4) to make such periodicals available to researchers and scholars.	Section 607 is amended by inserting "and other research materials" after "periodicals" each place it appears.	The periodicals program is amended to allow the collection of timely research materials that may exist only in manuscript or other form, and which would be vital to a world area collection. This is especially important in relation to developing nations, and less commonly taught areas of the world.
	Subsection (a) of section 607 is amended by striking out "$1,000,000 for fiscal year 1987" and inserting in lieu thereof "$8,500,000 for fiscal year 1992".	The authorization cap for the periodicals and other research materials program is increased. This section addresses a critical component of the Title VI mission to secure access to foreign research and information at a time of unprecedented change in the international order. Rising inflation and dollar devaluation has resulted in rapidly increasing publications costs. Concommitantly, many libraries are facing local budget crises. If funded, this program can play a pivotal role in ensuring both the survival of our national resource collections from around the world, and the ability to keep these collections current.
EQUITABLE DISTRIBUTION OF FUNDS Sec. 609. (a) The Secretary shall make compliance the criterion for selection of grants awarded under section 606. (b) To the extent practicable and consistent with the criterion of subsection (a), the Secretary shall award grants under this part (other than section 602) in such manner as will achieve an equitable distribution of funds throughout the Nation.	Section 609 is amended by-- (1) inserting "(1)" after the designation for subsection (a); and (2) adding the following new paragraph at the end thereof: "(2) The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of funds are used to support undergraduate education.".	The equitable distribution of funds section is amended to encourage the Secretary to enhance funding for the undergraduate programs in Sec. 604. While current Title VI funding is much too low to address the needs of all U.S. undergraduate institutions, a greater proportion of new funds should be committed to Sec. 604. This is important from the standpoint of building a base upon which graduate and post-graduate foreign language, area, and other international expertise may develop. It is also critical for those students whose careers will have an international dimension, such as in the technical and professional fields.

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CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	Section 610 is amended by striking out "$49,000,000 for fiscal year 1987" and inserting in lieu thereof "$102,000,000 for fiscal year 1992".	This amendment increases the authorization cap for Part A programs other than Sec. 607 programs. During the last two decades, the Federal investment in Title VI steadily eroded through inflation and inadequate funding. The FY 1991 funding level of $40 million is 30% below its peak level of the late 1960s as expressed in constant 1991 dollars. Furthermore, during this period, new programs and activities were added through statutory language or through the Department of Education's grant proposal priorities. However, concomitant additional funding did not follow, thus compounding the inflationary attrition of resources. The challenges of an increasingly complex and interdependent international scene call for renewed attention and investment in strengthening our nation's international competence. A $102 million authorization level for Part A would allow: 1) An increase in the average grant award for existing national resource centers (the U. S. Department of Education estimates the number of centers will be increased in FY 91 from 94 to 105), so as to restore the purchasing power and capacity of the late 1960s and early 1970s, and to enable the centers to adequately meet the additional demand in services outlined in these amendments for dissemination, outreach, and linkages overseas; 2) A restoration of FLAS grants from their FY 1991 estimated number of 1100 to their FY 1967 peak level of 2300, plus an increase in the stipend to the Title IX stipend level; 3) Funding of the second-tier FLAS program as proposed for amendment; 4) A greater Federal investment in enhancing the international capacity of two- and four-year undergraduate institutions through an increase in funding for Sec. 604, as proposed for amendment; and 5) Funding of an expanded intensive summer institute program, and increased funding for the national language resource centers and an improved research program.
1362 (C) evening or summer programs, including, but not limited to, intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;	Subsection (c)(1)C of section 612 is amended by striking "including, but not limited to," and inserting "such as," in lieu thereof	This is a technical amendment intended to ensure that intensive language programs are viewed as only one of a number of effective methods business centers can use to meet the foreign language needs of business. 1363

1290

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
(A) the establishment of overseas internship programs for students and faculty designed to provide training and experience in international business activities, except that no Federal funds provided under this section may be used to pay wages or stipends to any participant who is engaged in compensated employment as part of an internship program; and (B) other eligible activities prescribed by the Secretary.	Subsection (c)(2) of section 612 is amended by-- (1) striking out "and" at the end of subparagraph (A); (2) striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; and"; and (3) adding the following new subparagraph at the end thereof: "(C) the establishment of linkages overseas with institutions of higher education and other organizations that contribute to the educational objectives of this section.".	Consistent with the purposes of Sec. 611(b), the list of activities for the Centers of International Business Education is amended to include the establishment of linkages with overseas institutions which tie into the educational scope and objectives of Title VI. Formalized linkage agreements facilitate long-term opportunities for research and experience-based learning in another country, such as internships, study abroad, and curriculum and faculty development. These are essential ingredients for developing foreign language, area, and other international competence. "Other organizations" must clearly relate to the educational mission of this section, such as governmental organizations, trade councils, or other private sector enterprises.
	Subsection (b) of section 613 is amended by-- (1) striking out "and" at the end of paragraph (9); (2) striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and (3) adding the following new paragraph at the end thereof: "(11) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this section.".	Consistent with the purposes of Sec. 611(b), the list of activities under the business education and training programs is amended to include the establishment of linkages with overseas institutions which tie into the educational scope and objectives of Title VI. See rationale for Subsection (c)(2) of section 612 above.

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	Subsection (a) of section 614 is amended by striking out "$5,000,000 for fiscal year 1988 and" and inserting in lieu thereof "$12,000,000 for fiscal year 1992 and such sums as may be necessary".	This amendment increases the authorization level for the Centers for International Business Education beginning FY 1992, and allows such sums for each of the four succeeding fiscal years. The program is underfunded relative to the the wide variety of activities the statute requires the existing sixteen centers to undertake. A $12 million authorization level envisions adequate funding of existing centers to effectively fulfill this mandate, and an additional five to seven centers which would truly provide a network of national and regional resources for improving the competitive economic position of the U.S.
	Subsection (b) of section 614 is amended by striking out "$5,000,000 for fiscal year 1987" and inserting in lieu thereof "$7,500,000 for fiscal year 1992".	This amendment increases the authorization cap to $7.5 million for FY 1992 for the international business education and training programs. Open to two- and four-year institutions as well as university business programs, this section offers an important mechanism by which business schools can develop new initiatives in response to the increasingly competitive global business environment. Given the rising demand on campuses for active participation of business schools in new international ventures, such as interdisciplinary programs, and the increasing needs of business for innovative programs and course offerings, a higher authorization level would allow an increase in the average size of the grants and in the number of institutions which could be funded.
	Part C of title VI is amended by adding the following new section at the end thereof: "PRESERVATION OF PRE-1992 PROGRAMS "Sec. 623. Notwithstanding any other provision of law, amendments to this title establishing new programs or expanding existing programs enacted pursuant to the Higher Education Act Amendments of 1991 shall not be funded in fiscal year 1992, or the three succeeding fiscal years, unless and until Congress enacts appropriations for programs under this title enacted prior to such Act at a level no less than the level of funding in effect for such pre-existing programs for fiscal year 1992.".	This amendment ensures that the Secretary does not fund new activities or programs at the expense of existing activities or programs. The modest funding history of Title VI and the inadequate support now provided to existing programs have been noted above. At the same time, we have recommended numerous additional activities and programs which we believe are necessary components to meeting the nation's growing need for international expertise, and to promoting the internationalization of the wide spectrum of U.S. institutions of higher education. It is our intention that these new activities and programs be funded through new appropriations above the FY 1992 level.

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1992

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
2. Mutual Educational and Cultural Exchange Act and Related Materials	Title VI is amended by adding the following new part after part B and redesignating part C as part D thereof:	A new part D is added to Title VI to include Sec. 102 (b)(6) of the Mutual Educational and Cultural Exchange Act (Fulbright-Hays). This program is administered by the U.S. Department of Education under an Executive Order as the overseas program complementary to Title VI. Activities include doctoral dissertation research abroad, faculty research abroad, group projects abroad, and special bilateral projects.
	"PART C -- FULBRIGHT-HAYS EDUCATIONAL AND CULTURAL EXCHANGES	
	"Sec. 616. (a) The President is authorized to provide for promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers or other persons who have demonstrable need for an international dimension in their education in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of those countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities, and promoting advanced research, exchanges, and area studies overseas by consortia of institutions of higher education.	Although this program is administered by the Department of Education and funded by the House and Senate Subcommittees on Labor/HHS/Education Appropriations, it falls under the oversight jurisdiction of the House Foreign Affairs and Senate Foreign Relations Committees. Though Title VI is reauthorized every five years, this program has a permanent authorization and, therefore, is rarely, if ever, reviewed.
(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of those countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities;	"(b) The activities carried out under this part shall be coordinated with the jurisdiction and activities of the J. William Fulbright Foreign Scholarship Board, the Fulbright Commissions, the U.S. embassies, and any other foreign educational or cultural exchange activities carried out under the Mutual Educational and Cultural Exchange Act.	A transfer of this program into Title VI will enable the same authorizing committees which have oversight of Title VI to have review over its complementary overseas programs. It is especially important at a time of growth and evolution in international education that the two programs not only be administered together, but reviewed together as well.
	"(c) Any personnel, liabilities, contracts, real property, personal property, assets, and records, employed, held, or used primarily in connection with a function carried out pursuant to section 102(b)(6) of the Mutual Educational and Cultural Exchange Act not located at the Department of Education on the date of enactment of the Higher Education Act Amendments of 1991, shall be transferred to the Secretary. Any personnel so transferred shall be transferred without reduction in classification or compensation for one year after transfer.	In transfer, a provision should be included to ensure continued and improved coordination between the Department of Education and the J. William Fulbright Foreign Scholarship Board, the Fulbright Commissions and the U.S. Embassies abroad. Furthermore, the program should continue to have a permanent authorization and be treated as a separate but complementary overseas program, with a separate line in the budget and appropriations processes.

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
	"(d) All laws and regulations relating to section 102(b)(6) of the Mutual Educational and Cultural Exchange Act, insofar as such laws and regulations are appropriate and not inconsistent with the provisions of this title, remain in full force and effect and apply with respect to this part. All references in any other Federal law to section 102(b)(6) of the Mutual Educational and Cultural Exchange Act shall be deemed to refer to this part. "(e) Any funds appropriated to carry out section 102(b)(6) of Mutual Educational and Cultural Exchange Act for fiscal year 1991 that are not expended or obligated on the date of enactment of the Higher Education Act Amendments of 1991 shall be paid to the Secretary within 10 days of the date. The Secretary shall be responsible for all obligations incurred under such section after such date." Section 102 (b) of the Mutual Educational and Cultural Exchange Act is amended by striking out paragraph (6) thereof.	In addition to the transfer of Sec. 102(b)(6) into Title VI, two amendments are made to the existing statutory language: (1) The current language in Sec. 102(b)(6) is unduly restricted to "teachers and prospective teachers." The new language would open up funding opportunities for faculty and students who are not necessarily planning a career in education, but whose careers necessarily include an international dimension. This will enable the overseas program to conform to the current international needs of disciplines other than education, and to the changes proposed for Title VI. (2) New language is added to promote advanced research overseas by consortia of higher education institutions. Rising inflation in the less commonly taught areas of the world and the constant erosion of the dollar have resulted in escalating costs for conducting these programs overseas. This new language is intended to enable consortia of institutions of higher education to maximize the resources that a combined undertaking in this regard would generate, in ways which could also be utilized by other U.S. institutions of higher education

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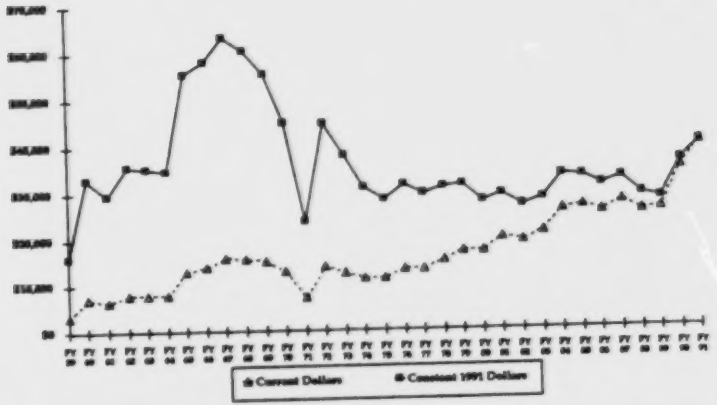
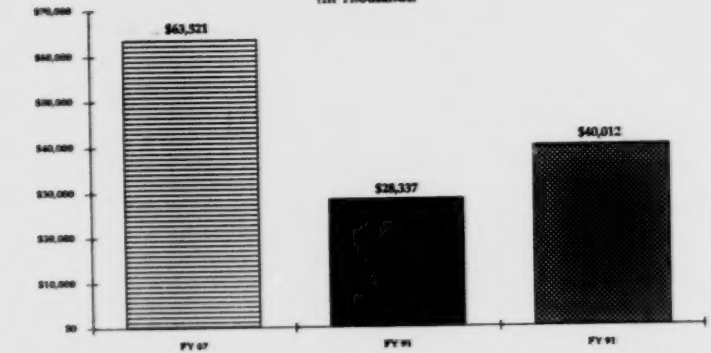
APPENDIX A
TITLE VI APPROPRIATIONS, FY 59 - FY 91
(In Thousands)



NOTES: Although in current dollars the current Title VI appropriation has increased modestly over a thirty-year period, it has failed to keep up with inflation. When expressed in constant 1991 dollars, it becomes clear that the FY 91 appropriation of $60 million is 37% ($23 million) below the purchasing power of the peak level of Title VI in FY 67 ($63.5 million). This has occurred despite increased numbers of programs drawing on Title VI funds, and an increased need for international expertise to meet global challenges.

SOURCES: American Council on Education, Office of Legislative Analysis, based on data from the Statistical Abstract of the United States, Bureau of the Census, U.S. Department of Commerce, 1990; U.S. Department of Education appropriations documentation; and the Higher Education Act of 1965, as amended.

APPENDIX B
TITLE VI APPROPRIATION COMPARISON
FY 67 AND FY 91
--Constant 1991 Dollars--
(In Thousands)



All Title VI programs funded in FY 67:
- Language & Area Centers
- Fellowships
- Research & Studies
- Language Institutes

Portion of FY 91 Title VI appropriation which covers programs funded in FY 67

All Title VI programs funded in FY 91:
- National Resource Centers
- Fellowships
- Research & Studies
- Language Resource Centers
- Undergraduate International Studies & Foreign Languages
- Centers for International Business Education
- Business & International Education

NOTES: The FY 91 appropriation of $40 million is 37% below the peak level of Title VI in FY 67, as expressed in constant 1991 dollars. However, when comparing funding for only the original Title VI programs, the FY 91 level of $28 million is 55% below the FY 67 level.

SOURCES: American Council on Education, Office of Legislative Analysis, based on data from the Statistical Abstract of the United States, Bureau of the Census, U.S. Department of Commerce, 1990; U.S. Department of Education appropriations documentation; and the Higher Education Act of 1965, as amended.

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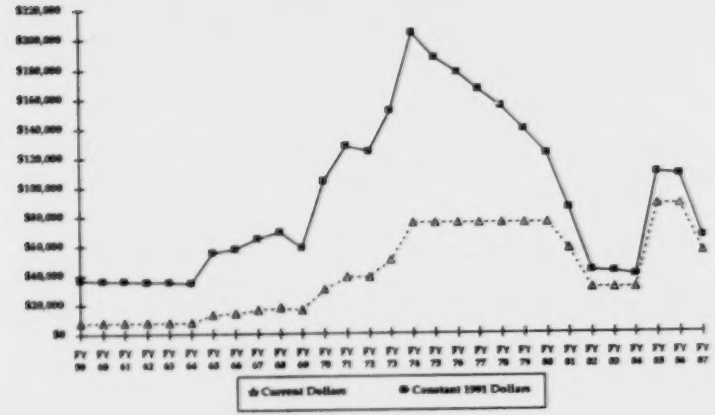
APPENDIX C
TITLE VI AUTHORIZATION, FY 59 - FY 87
(In Thousands)



NOTES: Although the Title VI authorization has increased over time in current dollars, it has failed to keep up with inflation. The last statutory authorization cap for Title VI of $55 million in FY 87 is nearly 75% below the peak cap of $204 million in FY 74, as expressed in constant 1991 dollars. This has occurred despite increased numbers of programs and activities added to the Title VI program since its inception.

SOURCES: American Council on Education, Office of Legislative Analysis, based on data from the Statistical Abstract of the United States, Bureau of the Census, U.S. Department of Commerce, 1990; U.S. Department of Education appropriations documentation; and the Higher Education Act of 1965, as amended.

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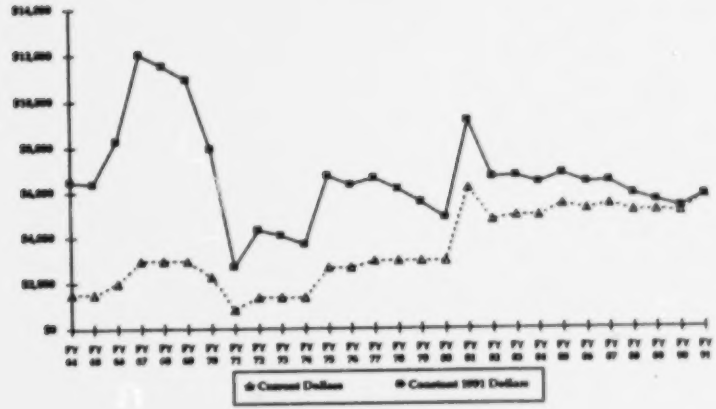
APPENDIX D
FULBRIGHT-HAYS APPROPRIATIONS, FY 64 - FY 91
(In Thousands)



NOTES: Fulbright-Hays 102(b)(6) has a permanent authorization and the statute sets no limits on the amount which may be appropriated. Although in current dollars the Fulbright-Hays 102(b)(6) appropriation has increased slightly over a 27 year period, it has failed to keep up with inflation. When expressed in constant 1991 dollars, it becomes clear that the FY 91 appropriation of $5.855 million is 31% ($6.1 million) below the purchasing power the program had at its peak funding level of $12.061 million in FY 67.

SOURCES: American Council on Education, Office of Legislative Analysis, based on data from the Statistical Abstract of the United States, Bureau of the Census, U.S. Department of Commerce, 1990; U.S. Department of Education appropriations documentation; and the Mutual Educational and Cultural Exchange Act of 1961, as amended.

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PREPARED STATEMENT OF MR. MARCUSE

Mr. Chairman and Members of the Subcommittee:

I am Adrian G. Marcuse, President, Laboratory Institute of Merchandising (LIM) of New York City. LIM is a college accredited by the Middle States Association of Colleges and Schools and by the Board of Regents by the State of New York.[1] LIM is authorized to offer programs leading to the bachelors and to the associate degrees.

LIM is proprietary in its form of corporate organization rather than public or private non-profit. Please do not infer that because it is proprietary in governance that it is a trade, technical, or vocational school. It is not and that is why I am here as Chairman of the Association of Regionally Accredited Private Colleges and Universities (ARAPCU).

ARAPCU is an association limited to collegiate degree-granting institutions accredited as such by one of the regional accrediting agencies. Accreditation for proprietary colleges and universities is now an accepted practice among the regional bodies. It is no longer a peculiar aberration as it once possibly was considered in 1958 when the definition of an "institution of higher education" was enacted in Title II of the National Defense Education Act the precursor of the Higher Education Act of 1965.

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[1] Neither of these two collegiate level accrediting bodies recognized as such by the Secretary of Education are referred to in the GAO Briefing Report to the Chairman, Permanent Subcommittee on Investigations, Committee on Governmental Affairs, U.S. Senate entitled *School Accreditation, Activities of Seven Agencies that Accredit Proprietary Schools* (GAO/HRD-90-179BR, September 1990). Properly so because that report in fact dealt with occupational training schools rather than degree-granting colleges. The GAO unfortunately and erroneously used the term proprietary as the equivalent to or the same as vocational training and technical schools.

Regional accreditation now includes a fair cross section of proprietary degree-granting institutions ranging from the doctorate to the Associate. Some proprietary institutions offer only graduate degrees. Examples are:

Walden University Minneapolis, Minnesota	North Central Assn. Accraditation Doctorate degree only - no undergraduate
Illinois School of Professional Psychology Chicago, Illinois	North Central Assn. Accreditation Doctorate only - no undergraduate
Arthur D. Little Management Education Institute Cambridge, Massachusetts	New England Association Accreditation Master's only - no undergraduate
Keller Graduate School of Management[2] Chicago, Illinois	North Central Assn. Accreditation Master's only - no undergraduate

For some years we have been quietly going about our business - educating students. Suddenly, we find our schools and students ensnared in an almost ideological debate and victimized or maligned by specious statistics.

- The controversy over the GSL default rate in "proprietary schools" exploded,
- The definitions were hastily drawn and the statistics were grossly distorted.

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[2] Attached as Exhibit A is a recent story on the Keller Graduate School which appeared in *Forbes Magazine* of May 27, 1991 at page 304 "A Good School Story". Also, for the record we add a companion piece from the same issue *Forbes* interviewing the noted economist Dr. Milton Friedman on the subject that running a college as a business will not harm higher education.

- Despite readily available default data that proprietary collegiate institutions were favorably comparable to other colleges, the researchers and commentators from ED, GAO, and the Library of Congress lumped all "proprietary" data into one figure without distinguishing between degree-granting and non-degree granting institutions.
- Our students having already been disadvantaged by express exclusion from such legislation as the Qualified United States Savings Bonds (26 U.S.C. § 135(c)(2)), would be hobbled by an ED proposal on credit-hour usage, and may face bifurcated standards in the administration of the Title IV HEA.

THE GSL DEFAULT DEBATE

Whether or not one agrees that the GSL default rate at an institution is per se an indicator of quality matters not. Congress seems to have come to the conclusion that the Cohort Default Rate is a basis for judging the educational effectiveness of an institution. So also have the media, the U.S. Department of Education (ED), the guaranty agencies, and the state licensing bodies for occupational schools.

We are perfectly willing to live with such an indicator if only the researchers and statisticians at ED, the General Accounting Office (GAO), the Congressional Research Service (CRS) of the Library of Congress would play fair. They do not. Each of those agencies persist in equating "proprietary" with "occupational, vocational, technical and trade schools" (OVTT). Proprietary is a form of institutional organization, while OVTT involves substantive areas of occupational training.

We feel that our students and our schools have been maligned and victimized by questionable use of statistical data. Before specifically pointing out some particularly egregious cases, let me try to assure the Committee that default data for regionally accredited and New York Regents accredited colleges are "good" and are favorably compatible with other two and four-year colleges. The key is to compare colleges with colleges. That has not been done.

On the basis of data published by ED in the annual cohort default rate by institution for the year 1987-1988, we have determined on the basis of publicly available data that the average Cohort Default Rate and the average total of dollars in default that:

	%	$
Regionally accredited degree-granting institutions which are proprietary	13.45%	$452,504.19
New York Board of Regents institutions which are proprietary	13.61%	$197,442.26
Non-regionally accredited[3] but degree-granting institutions which are proprietary	18.40%	$297,591.97

Despite the ready availability of that data both the Department (ED) and the General Accounting Office (GAO) ignored any distinction among schools that are proprietary in form (e.g., degree-granting versus occupational shorter courses, etc). Both carefully categorized other collegiate institutions as public or private and in each category further divided them by two and four-year programs. Not so for "proprietary".

[3] We are not sure that each of these degree-granting institutions are accredited by the non-regional agency as a "College". That, however, is a matter between the accrediting agency and the Secretary of Education who recognizes these non-regional bodies.

For proprietary both the GAO and ED lumped all the data together for one composite figure for "proprietary schools"! The published data were, of course, very unfavorable to any proprietary institution which, though regionally accredited, New York Regents accredited, or just has at least a two-year degree program accredited by a non-regional agency.

ED through its Office of Planning, Budget and Evaluation in its 1990 publication *Reducing Student Loan Defaults - A Plan For Action* stated that "For example, in FY 1987, proprietary schools had an average default rate of 33% - twice the rate of two-year institutions and more than four times the rate of four-year institutions." Lumping all proprietary institutions together is a true but skewed statistical statement resulting in a faulty conclusion! An excerpt is attached as Exhibit B.

Had the ED Office of Planning, Budget and Evaluation who authored the publication availed itself of the statistical data in the ED Eligibility and Certification Division, the statistics might have been more professionally portrayed. ED Eligibility has detailed records on the accreditation source and length of program of every eligible institution.

The rates for degree-granting regionally accredited, or for that matter, all degree-granting proprietary institutions, are better than or comparable with public or private two-year institutions. None-the-less, ED states in Table 2 at page 11:

Table 2
FY 1987 Cohort Default Rate by Type of Institution

Type of Institution	*Default Rate*
Proprietary	33 %
Public two-year	18
Private two-year	14
Public four-year	7
Private four-year	7
All institutions	17

Source: U.S. Department of Education, Office of Planning, Budget and Evaluation, based on data provided by the guarantee agencies.

The GAO in 1989 unfairly lumped together all proprietary schools in a comparison with public and private two and four-year schools. The default rates at page 18[4] are listed as follows:

- 2-year public: 21%
- 2-year private: 15%
- 4-year public: 9%
- 4-year private: 8%
- Proprietary: 34%

Regionally accredited degree-granting colleges which are proprietary are being victimized by such loose statistical presentations. Our students are being denigrated and victimized.

In our attachments to this statement we have listed other examples of inadequate statistical portrayals and inappropriate anecdotal attempts at defining a "proprietary school". The problem is always that the researcher attempts to conform the corporate organization of a school with the vocational-occupational training program it offers. The two concepts are not necessarily mutually exclusive but they don't just "fit". There are at least three recognizable categories of institutional governance, public, private non-profit, and proprietary. There are also degree education and certificate postsecondary occupational programs. To divide the first two groups into two and four-year schools and lump together all proprietary (degree and non-degree) is at least sloppy research and possibly, perhaps, gross negligence. Unless there is some other undisclosed agenda!

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[4] GAO (HRD-89-63BR) *Briefing Report To Congressional Requesters: Guaranteed Student Loans, Analysis of Student Default Rates at 7,800 Postsecondary Schools.* Excerpt of page 18 attached as Exhibit C.

THE SAVINGS BOND EXCLUSION

Without our having an opportunity to defend or explain, the 1989 Qualified United States savings bond legislation (26 U.S.C. § 135(c)) was amended in conference to explicitly and deliberately exclude students in any proprietary school. The definition of an "Eligible educational institution" was carefully crafted to exclude students in any proprietary school, degree-granting or occupational training. See Exhibit H for law and Conference Report excerpt.

We believe this exclusion was based upon concerns about "proprietary schools"; particularly GSL-Stafford default rates. The specious 34% GSL default rate. Had the statistical information been accurately or fairly portrayed, the reaction may have been more generous to students in degree-granting proprietary colleges accredited as such by an agency recognized to accredit colleges.

None-the-less, the definition excluded students in a "proprietary institution of higher education" (which can include anything or program if it is a least six-months long) defined in subpart (A) of HEA Section 481. Institutional definitions were limited to the generic definition of an "institution of higher education" of HEA Sec. 1201(a) subparagraphs (C) or (D) of Section 481(a) which do not apply to proprietary schools or vocational schools as defined for purposes of the Stafford (GSL) program in Sec. 435.

The same sort of discrimination was blandly attempted in the ED NPRM on credit-hour usage!

RELIEF REQUESTED

The only way out of this definitional debacle is to find a "safe harbor" for our students and our schools in HEA Title XII Section 1201(a) which generically defines an "institution of higher education". Our schools are such and have been designated as such by our peers. We urgently request that the Committee grant us this safe harbor and allow us to properly identify with other institutions of higher education which, generally as we, are accredited by the older traditional regional accrediting bodies that deal with colleges and universities[5]. We believe our colleges and our students are entitled to this dignity and the protection from continued statistical malpractice.

Section 1201(a) already has several exceptions from satisfying one or more of the enumerated elements. We merely ask that one more be included. Surely if any non-profit institution with only a one-year program fits under the 1201(a) definition then a legitimate regionally or New York Board of Regents degree granting institution also should.[6]

---

[5] Attached as Exhibit D are letters announcing such collegiate accreditation from several regional bodies.

[6] As far as we know, the Subcommittee scheduled no hearings on the subject of revising the several definitions in Section 1201(a), 481, and 435. Possibly all three should be revised.

We suggest that is absurd that an institution legitimately awarding the doctoral degree under proper state authority and legitimate regional accreditation as a college should be classified as a "vocational school" in order for its students to obtain financial aid! Therefore, we urgently request the Committee to revise Section 1201(a) of Title XII by inserting after the first sentence following the period after the word "accredited" and before the words "such term" an additional sentence to read:

> "Such term also includes a degree-granting college or university so authorized by the responsible State education authority and which institution is accredited at the collegiate level by an accrediting agency recognized by the Secretary to accredit institutions at the collegiate level".

We have made a similar request on the House side. It is published at page 169 of Part 5 of the Committee Print (May 1991) *Legislative Recommendations for Reauthorization of the Higher Education Act and Related Measures: Title V-XII, and Related Measure*. We include as Exhibit E our proposals along with the rationale.

The proposals are three in number. The first deals only with the inclusion of degree-granting colleges in Section 1201(a). The others:

> Number Two Should be of aid to any institution which does not offer the Bachelor's degree but offers either the Associate or a graduate degree. The strict words of the present language unconditionally require that the institution offer a bachelor's degree. Also, we believe the transfer of credit clause should be modified to take into account actual present day practices of transfer.

Number Three is an attempt to define just what is a credit-hour. The Department of Education claims in its NPRM that this is their goal. The result of the ED NPRM is, in fact, a definition of which institutions rather than how they may use the credit-hour system. As proposed, all proprietary schools and all community college non-degree programs, despite long and legitimate histories in the use of the credit-hour, effectively, would have been forced into the vocational school clock-hour mode.

The rationale for each of these three proposals has been set out in the third column of the attachment. We would be happy to respond to any questions either the Committee or the Professional Staff might have on the substance or the consequences of our proposals.

NEW OPPORTUNITIES OR OPENING THE FLOODGATES?

Predictably, some components of the higher education configuration (we hesitate to call it a community) instinctively would react negatively. Any such visceral response is absurd and unwarranted. As an example, unless an institution qualifies under the Section 1201(a) definition of an "institution of higher education" its resources may not be used under a service contract to advance the Title I Postsecondary Programs for Nontraditional Students.

We suggest that the purpose of Title I of HEA is to assist students and not to protect institutional turf. Section 103 of Title I quite appropriately provides for both grants and contracts. (We would suggest that in the aftermath of the Stanford University disclosure such contracts could prohibit expenditures for maintenance of a presidential yacht or the purchase of an antique toilet seat!)

For those who feel the necessity for utilizing the distinction between grants and contracts we would point out that such concepts and terminology are carefully provided for in 31 U.S.C. 6301 et seq. Chapter 63 - Using Procurement Contracts and Grant and Cooperative Agreements. We suggest the proper concern is "how" rather than "if".

Once again we would say that our narrow proposal would be limited to a handful of degree-granting colleges and universities accredited as such by an agency recognized by the Secretary of Education to accredit at the college level. Probably less than a hundred all told. Such a responsibility might incline the Secretary's Advisory Committee on Accreditation to review the practices of the several non-regional accrediting bodies in regard to offering of degrees by institutions not expressly recognized by the state as a college and not explicitly accredited as a college.

Meanwhile, we feel that our schools could make a significant and possibly, perhaps, refreshing contribution to Title I, the Literacy Act, and host of other programs presently limited to Sec. 1201(a) defined "institution of higher education". De facto the regionally accredited degree-granting proprietary colleges are such institutions. All we ask is a legislative recognition of who we properly are and what we are doing, as well as what we are not.

FAIR PLAY PLEASE

Certainly we are entitled to a legitimate definition and professional statistical analysis. Thus far we have been denied such fair treatment by ED, GAO, and the Congressional Research Service of the Library of Congress. Curiously, one of the most incisive critics, the Inspector General of ED, has recently instituted a new category, OVTT, occupational, vocational, technical and trade schools. In the *Semiannual Report to Congress, No. 22*, the IG carefully delimits the discussion to OVTT schools. Not one of the OVTT institutions discussed at pages 9-17 is a regionally accredited degree-granting proprietary institution!

42-925 O—91——43

We are also encouraged to read in a more recent GAO publication[7] addressed to this Subcommittee that the author, Franklin Frazier, Director, Education and Employment Issues, has used "vocational/trade" in describing the nine defaulter characteristics. We include page 12 as Exhibit F. By contrast, in his February 20, 1990, testimony to the Senate Subcommittee on Permanent Investigations, Mr. Frazier used the broader term "proprietary" in discussing default rates. He repeated the statistical canard that the default rate is "39% in proprietary schools". We attach as Exhibit G page 11 of his testimony. Similarly characterized information is portrayed in GAO Report/HRD-89-63BR at page 18 previously noted in footnote number 4.

Such a persistent and continued misuse by so many prestigious agencies, ED, GAO, and CRS may in part explain why the recently released report of Senator Nunn's Subcommittee on Permanent Investigations uses the terms "proprietary" and "trade schools" interchangeably.

CONCLUSION

We suggest that it is appropriate to incorporate into the reauthorization of the Higher Education Act previously unrecognized resources, the proprietary accredited degree-granting colleges and universities, by incorporating them into the Tile XII Section 1201(a) definition of an "institution of higher education".

These are colleges and universities are recognized as such by their peers in the regional accrediting agencies and the New York State Board of Regents. These institutions of higher education have been unfairly victimized through skewed statistical data in the GSL default debate.

Congress should open up the definition of an "institution of higher education" for the future and release Section 1201(a) from the outmoded conceptual limitations of the 1958 NDEA and the 1965 HEA. We seek your approval and action.

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[7] *Student Loans, characteristics of Defaulted Borrowers in the Stafford Student Loan Program* (GAO/HRD-91-82BR, April 1991).

How a couple of Ivy League entrepreneurs successfully compete with state colleges— and make money.

EXHIBIT A

Good school story

By Leslie Spencer

RONALD TAYLOR recalls the day in September 1973 when he and his partner, Dennis Keller, opened the Keller Graduate School of Management in a Chicago office building. "Dennis and my wife and I had to carry a 12-foot chalkboard up 21 floors because it wouldn't fit in the elevator," Taylor says. "We had seven students, one of them our secretary."

Keller and Taylor are entrepreneurs in, of all businesses, education. Their for-profit management school offers a good quality M.B.A. for $5,600 a year, about a third of the cost of an M.B.A. at places like the University of Chicago and Stanford, where Keller and Taylor respectively earned theirs in the late 1960s.

Taylor graduated from Harvard in 1960. Keller earned a B.A. from Princeton in 1963. After business school, and for Taylor a stint in Vietnam, they both went to work for the DeVry Institute of Technology, a proprietary school then owned by Bell & Howell that offered associate and bachelor programs in electronics. At DeVry, the pair learned something not often taught at the prestige business schools: the economics of for-profit education.

Ronald Taylor and Dennis Keller
The M.B.A. program as profit center.

1392

DeVry

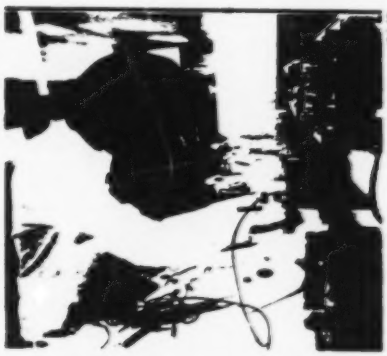
In 1973 Keller and Taylor raised $150,000 from parents and friends to fund their management school. For two years Keller and Taylor operated their business as a full-time, nonaccredited day school offering a one-year certificate in business administration. They did most of the work—teaching and administration—themselves, sometimes without pay. By the end of 1974 they had a staff of five teachers, about 25 students, still no accreditation and a bank account that was near the vanishing point.

Even though they kept costs and tuitions low, they still couldn't compete with charitable subsidies and tax advantages of established, nonprofit schools. Many prospective students could not afford to enroll. As the school was unaccredited and still didn't offer degrees (as opposed to certificates), they were ineligible for federal loans.

Taylor and Keller decided to switch emphasis to an evening program for working adults. The new formula worked. They were offering M.B.A.s by 1976 and were fully accredited the following year. By 1987 they were grossing $5 million a year from an enrollment of 1,300.

It was time to branch out. Their old employer, Bell & Howell, wanted to unload its 85% stake in DeVry. A venture capital group led by Chicago-based Frontenac Co. provided the Keller management school with $24 million in equity to buy DeVry for $182 million. It was a highly leveraged transaction, but since then the company has paid down $58 million of the acquisition debt while a pending public offering of DeVry Inc. should bring in enough to pay down another $44 million.

The Keller management school is still cranking out would-be executives, but it is now overshadowed by the rest of the company. The DeVry Institutes enroll 24,000 students on 11 U.S. and Canadian campuses, accounting for all but a sliver of DeVry Inc.'s June 1990 fiscal year revenues of $156 million. Popular majors are electronics, data processing and accounting.



Students at a DeVry electronics lab. To them, this looks like a better buy than a state school at half the price.

Education can be a profitable line of work. DeVry's operating income (profits before interest, depreciation and taxes) ran to $21 million on sales of $122 million in the last nine months.

How have the education authorities reacted to the invasion of capitalism on their turf? Without enthusiasm. Until recently, New Jersey, for instance, did not have legislation allowing for-profit schools to offer bachelor's degrees. DeVry's degree-granting status is now being considered by New Jersey. But the educational authorities see another fatal flaw in the operation: The teachers work too hard, putting in 20 classroom hours a week. Steven Brown, dean of administration at DeVry's Woodbridge, N.J. campus, says the state wants him to limit his teachers to 15 hours a week.

New Jersey, groaning under a huge state budget and higher taxes, might be better off taking a leaf from DeVry's book. For now, the school copes as best it can. Each year it packs off about 100 degree students to sister schools in Atlanta or Chicago for two semesters, allowing them to earn their degrees in Georgia or Illinois before returning.

Despite the hurdles set up by laws in some states, Keller and Taylor easily overcame the other obstacle: accreditation, controlled by regional associations. Keller Graduate School was the first for-profit school the North Central Association of Colleges & Schools ever accepted for membership. Of course, its unconventional approach to the M.B.A. curriculum worried the educational establishment. But today the president of the Council on Postsecondary Accreditation, Thurston Manning, is on DeVry Inc.'s board, and Keller and Taylor have become active accrediting consultants.

At a DeVry Institute campus in Lombard, Ill., just off the beltway that circles Chicago, one of the classrooms in a concrete block building is stuffed with tense-looking students taking exams. What they've retained of applied calculus and cost accounting is being tested. Most of these kids have parents who never went near college, and they are relying on federal loan programs to help manage the $4,750 in tuition and fees for an academic year at DeVry. That figure is almost twice the $2,500 a DeVry student would pay to go to nearby Northern Illinois University. But Taylor says that students are willing to pay the difference because they think that a degree from DeVry pays off in the job market.

Taylor and Keller have big dreams for the DeVry Institutes. For one, down the road they are interested in offering management contracts to public schools (kindergarten through grade 12). If this works, both students and taxpayers could be better off, but the bureaucrats and teachers' unions will probably do everything possible to stop it.

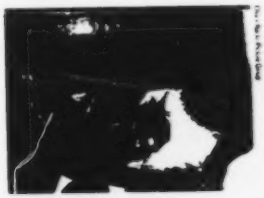
"Education is hurting deeply," says Keller with a grin. "We can help." Is anybody listening?

1393

Nobel Laureate Milton Friedman argues that our Ivy League colleges could cut tuition in half and still make money if they were exposed to the disciplines of the market rather than counting upon government subsidies and big private donors.

The perils of socialized higher education

By Leslie Spencer



Milton Friedman
The case for taxable colleges.

In 1966 the Middle States Association of Colleges & Schools refused to consider Marjone Webster Junior College for accreditation. Was the college guilty of low academic standards? Not at all. Marjone Webster stood accused of the deadly crime of capitalism. It was seeking to earn a profit. Nobel Laureate Milton Friedman testified, free of charge, on the college's behalf in the case the college brought in 1970 against the accrediting association. His testimony failed to convince the U.S. Court of Appeals to order consideration of the school for accreditation, and the college was forced to close in 1975.

At a time when the steadily increasing cost of college education is devastating the middle class, Friedman sees nothing wrong with subjecting higher education to the same financial disciplines other services must bear. In this interview Friedman expands upon the theme.

Can you run a college like a business, insisting that it cover its expenses from operations and show a return on its investment? Wouldn't this harm higher education?

Friedman: I have no doubt whatsoever that it would be possible to make money on half the tuition charged by the Ivy League schools. And there is no reason to be surprised at that. To start, there is a very general rule that on average it costs half as much to run anything privately as it does governmentally. And these higher education institutions are fundamentally governmental institutions.

Harvard, Stanford—these you call governmental?

I don't believe there's any real distinction between the so-called private and the so-called public universities. In no essential respect can you say that Stanford is private and Berkeley is public. The "public" universities like Berkeley and Michigan have very large private endowments, and the "private" ones like Stanford and Columbia get about a third of their income from the government in research grants. The distinction is between governmental and nongovernmental, but not between public and private.

You've said, in *Free to Choose* and elsewhere, that colleges are not just

Nobel economist Friedman of Stanford's Hoover Institution: **"I have no doubt whatsoever that it would be possible to make money on half the tuition charged by the Ivy League schools."**

in the business of selling education to students. They mix in other businesses as well. For example, they peddle immortality by putting people's names on buildings in return for big contributions.

I have always argued that universities are multiproduct enterprises. They produce three major products: schooling, research and monuments. All the participants in this venture serve multiple functions, and it is very hard to isolate the separate components. You have to really look at them the way you do General Motors or General Electric.

For instance, students are resources as well as customers. Why does a college give scholarships? A university will not be able to attract large donors without a prestigious reputation. And the way it gets this reputation is by bringing in high-quality students who can give the institution a good name in the future, and who become sources of funds and monuments for the institution in the future.

In principle, if the multiproduct firm is efficient, a single-product firm should not be able to take away its business. If GE makes electric bulbs and also makes something else, a firm that makes only bulbs should not be able to take away GE's bulb business. **So, as multiproduct businesses, universities should be economically efficient, yet they are not. They require donations, government grants and endowments to balance their budgets.**

They are inefficient for the same reason that governmental enterprises are. They are not dependent on a market test, because they have sources of funds, like government grants and faithful alumni, that are not really affected by markets.

I ask businessmen: If you want to buy a gadget for your business, do you look at whether someone who graduated from college with you is producing that gadget, or do you look for the best and cheapest gadget? But when you look for what university or college you are going to subsidize, do you look for the one that is producing what you want to buy, or do you look at your school tie?

Does this inefficiency also apply to research?

You have dozens of examples of single-product research outfits. Battelle Memorial Institute and Bell Labs, for instance.

And the think tank industry is another form of fixing off into single-product enterprises. That's been promoted, in part, by two separate trends. One has been the increasing "political correctness" thinking at colleges and universities. This has provided a supply of scholars for think tanks. And the demand for think tanks has arisen because one of the side effects of growing government has been an increase in the amount of funds available for think tanks from private foundations like the Bradley, Olin and Lilly foundations.

Monument building is the hardest one to separate. But I think you do have separate monuments—for example, the Metropolitan Museum or the Mellon Institute in Washington, D.C. Art institutes and astronomical observatories seem to have been a favorite form of private monument.

Despite inefficiency, many colleges make a lot more than they spend. Harvard, for example, reported income over expenditure of $450 million for 1988-89. Yet Harvard pays no income taxes, except on investment income. And there is another subsidy in that donors get a deduction from taxable income.

Milton Friedman

It is important to distinguish two very different things. One is whether you as an individual should be permitted to deduct gifts. The other is whether the institutions to which you choose to give should be tax-exempt from the point of view of income and, more important, property. There is a case for the first, on the grounds that it is a way in which you can decentralize the decision about how tax money should be devoted to various activities.

But, for the second, I think that the most important single reform we could make from the point of view of getting better government would be to abolish nontaxable status completely—for churches, universities, everything. Why? Because the nonprofit sector is the major source of pressure for increasing the size of government and its intervention in our affairs. It is a set of institutions that are capable of getting the benefit of government expansion without paying the cost. They don't have to pay any taxes for it—though of course their employees do—and yet they get the tax money coming back to them. And as an empirical matter it is clear that the major source for what is wrongly called "liberal" governmental involvement is from the universities and the churches.

The term "nonprofit," of course, connotes virtue. If universities were "for-profit," people would no longer see them as needing help.

I agree completely. But let me put it differently. Nonprofit status is a selling point for monuments. Mrs. Jones is not likely to erect a monument for her late husband by building a new structure at the Jones Chemical Works; she will prefer to give a Jones Library to a university. Why? Because a university is somehow associated with an estimable public enterprise.

Come to think of it, why do we refer to these institutions as nonprofit rather than nontaxable? I've tried to write about schools as governmental versus nongovernmental rather than public versus private. Referring to taxable versus nontaxable rather than for-profit versus nonprofit schools would also be a much cleaner, non-Orwellian use of language.

So it's a very good idea. Let's set up some taxable liberal arts colleges and see how they compete.

1396

EXHIBIT B

Default and the Postsecondary Institution

When students first consider borrowing money to finance their education, often the first place they contact is the postsecondary institution. Therefore, these institutions are in a unique position to offer students advice, information, and referrals. They are also responsible for giving students a high-quality education, admitting and awarding aid only to students who can benefit from the institution's program, and helping the students find employment after completing the program. A high default rate for an institution suggests that the institution may not be meeting one or more of these responsibilities.

To evaluate the magnitude of each postsecondary institution's default problem and to require specific actions from high-default institutions, the Department of Education calculates a fiscal year cohort default rate—defined as the percentage of borrowers entering repayment status in one fiscal year who default before the end of the following fiscal year—for each school each year. The fiscal year 1987 cohort default rate for all institutions with at least 30 borrowers was 17 percent. This means that 17 percent of all borrowers who entered repayment status in FY 1987 defaulted before the end of FY 1988.

Table 2 shows that the average default rates for various institutional sectors differ significantly. For example, in FY 1987 proprietary schools had an average default rate of 33 percent—twice the rate of two-year institutions and more than four times the rate of four-year institutions. Also, proprietary schools, while accounting for 39 percent of the institutions participating in the student loan program, accounted for 89 percent of institutions with default rates greater than 60 percent and 84 percent of institutions with default rates greater than 40 percent.

Table 2
FY 1987 Cohort Default Rate by Type of Institution

Type of Institution	*Default Rate*
Proprietary	33%
Public two-year	18
Private two-year	14
Public four-year	7
Private four-year	7
All institutions	17

Source: U.S. Department of Education, Office of Planning, Budget and Evaluation, based on data provided by the guarantee agencies.

One of the purposes of a guarantee agency is to insure lenders against losses due to borrower defaults.

Guaranteed Student Loan (GSL) programs: Group of programs comprised of the Stafford loan, the PLUS, and the Supplemental Loans for Students (SLS) programs. (See specific loan program definitions).

In-school period: Period between the date the student begins school and the date the student leaves grace status.

Insurance Fee: Fee the guarantee agency may charge lenders to help cover the agency's expenses. Lenders may pass the charge on to their borrowers.

Interest capitalization: Procedure whereby loan repayment is deferred but interest continues to accrue and is combined with the original loan principal, thus increasing the borrower's debt.

Limitation, suspension and termination (LS&T): A procedure whereby a school or lender that fails appropriately to administer the GSL programs may be subject to penalties, including limitation on the amount of loans, suspension of the institution from participation in the GSL programs for a specified time period, or termination of the institution's participation.

Loan principal: Total amount borrowed, not including interest.

Origination fee: An amount generally equal to 5 percent on the face value of the loan which is deducted from each loan made to the student and transferred to the Department to help offset loan subsidy costs.

PLUS loans: Variable-rate, generally unsubsidized loans for parents to help pay for their children's education.

Preclaims assistance: Assistance provided to lenders by the guarantee agency to encourage delinquent borrowers to make payments and to help locate borrowers after an account is delinquent.

Promissory note: The written agreement a borrower signs to record the promise to repay the loan. The note lists the terms on which the borrower agrees to pay back the loan.

Proprietary school: A for-profit school, usually offering trade or technical programs two years or less in length.

EXHIBIT C

Figure 7:

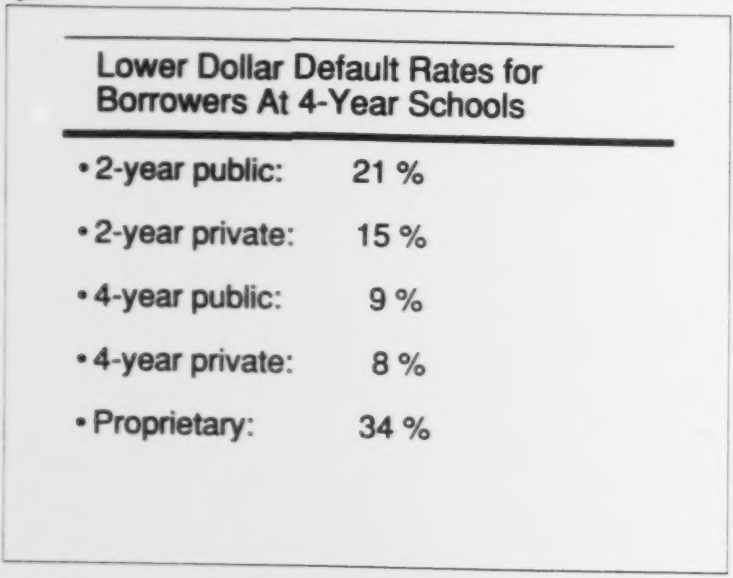

Lower Dollar Default Rates for Borrowers At 4-Year Schools
• 2-year public: 21 %
• 2-year private: 15 %
• 4-year public: 9 %
• 4-year private: 8 %
• Proprietary: 34 %

Figure 8 shows that in our universe, 2-year public and proprietary school borrowers had a greater proportion of cumulative loan dollars in default (17 and 36 percent, respectively) when compared to their proportion of cumulative loan dollars received (11 and 14 percent, respectively).

A.C.M.

COMMISSION ON HIGHER EDUCATION

Middle States Association
of Colleges and Schools

3624 Market Street
Philadelphia, Pennsylvania 19104
Telephone: 215/662-5606

DEC 11 1986
RECEIVED

December 8, 1986

Mr. Adrian G. Marcuse
Office of the President
Laboratory Institute of Merchandising
12 East 53rd Street
New York, New York 10022

EXHIBIT D

Dear President Marcuse:

At its meeting on December 6-7, 1986 the Commission on Higher Education acted to reaffirm the accreditation of the Laboratory Institute of Merchandising. The Commission notes that the Institute's Periodic Review Report will be due October 1, 1991. In the meantime, the Commission would appreciate being kept apprised of any changes or modification in the Bachelor of Professional Studies program which arise from further experience with it.

The Commission's records show the following description for the Laboratory Institute of Merchandising:

> Independent four-year college offering Bachelor in Professional Studies Degree in Fashion Merchandising, Associate in Applied Sciences and Associate in Occupational Studies Degree in Fashion Merchandising. Study abroad available in London, England and Paris, France.

If for any reason the above is inaccurate in any way please notify the Commission office immediately.

Please be assured of the Commission's continuing interest in developments at the Laboratory Institute of Merchandising, and if at any time the Commission or its Staff can be of assistance please feel free to call on us.

With all good wishes, I remain

Sincerely,

Edward V. Ellis
Chair

vle

A non-profit agency which encourages voluntary, secondary and higher educational institutions through programs of self-study, evaluation and accreditation and other developmental services

THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, N.Y. 12230

June 8, 1989

Adrian G. Marcuse, President
Laboratory Institute of Merchandising
12 East 53rd Street
New York, NY 10022

Dear President Marcuse:

I write to announce that the Division of Academic Program Review will conduct registration visits to public, independent, and proprietary two-year colleges, beginning fall 1990 and extending through spring 1992.

The purpose of the visits is to evaluate the colleges' programs and services in light of the academic standards of the Commissioner's Regulations and Regents Rules. We recognize that two-year colleges have a critically important role in higher education in New York State, preparing students for the workforce and for baccalaureate education.

The Division has identified four issues as central considerations for two-year colleges engaged in assessing their effectiveness. These issues, listed below, provide the framework for the overall review and the focus for the self-studies the colleges will be asked to conduct in preparation for this review:

- Identifying each student's needs and planning an appropriate course of study for each student;
- Providing effective instruction and maintaining strong expectations of effort and learning for all students;
- Providing sufficient resources and services to assist all students in achieving educational goals;
- Assessing the effectiveness of programs, services, and student learning.

I enclose a draft of the Guide for Self-Study developed for this review, and invite you to send your comments on this draft to Dr. Denis F. Paul, Assistant Commissioner for Higher Education Academic Review, by July 15, 1989.

Soon we will be inviting you, and any colleagues you would like to have join you, to an orientation session in Albany this fall, when the review process will be described and when there will be an opportunity to meet and talk with Department staff.

I will appreciate your support and continuing cooperation as we conduct this important review of programs and services at two-year colleges. With support from you and other leaders, we can, through this review, make progress that enhances the quality of this critically important component of higher education in New York State.

Sincerely,

Donald J. Nolan

attachment

COMMISSION ON HIGHER EDUCATION

Middle States Association
of Colleges and Schools

3624 Market Street
Philadelphia, Pennsylvania 19104
Telephone: 215/662-5606

June 27, 1988

Mr. Warren T. Schimmel
Office of the President
The Berkeley School of Westchester
West Red Oak Lane
White Plains, New York 10604

Dear President Schimmel:

At its sessions on June 22-24, 1988, the Commission on Higher Education acted to grant initial accreditation to The Berkeley School of Westchester. The Commission requests a report by April 1, 1990 demonstrating progress in developing and implementing an affirmative action plan, a plan for recruitment of non-traditional students (including men), and plans for institutional assessment and basic skills. The Berkeley School should note that any change in ownership or control would constitute a substantive change requiring a complete reassessment of the institution's status. As of now the next evaluation of The Berkeley School of Westchester will occur in 1992-93.

The Commission calls on the administration of The Berkeley School of Westchester to solve as quickly as possible the issue of security of student records.

The Commission commends the School for its thorough and candid self-study which, taken together with the excellent report of the evaluation team, should provide an agenda for action for the next five years.

The report of the evaluation team gave considerable evidence that a dedicated campus community has built a strong, viable collegiate institution.

On behalf of the Commission on Higher Education, I extend to you our warmest congratulations for having achieved this major goal on the road to academic excellence.

Accreditation applies to The Berkeley School of Westchester as described below. Should this description be inaccurate for any reason, please notify the Commission office at once.

> Independent (proprietary) business school offering Associate in Applied Science degree and certificate programs in secretarial, word processing, fashion marketing and management, fashion merchandising, and business administration. Continuing education courses offered in evening division.

Please be assured of the continuing interest of the Commission on Higher Education in the well-being of The Berkeley School of Westchester. If there is any way in which the Commission or its staff can be of service, please do not hesitate to be in touch with us.

Sincerely,

Sarah Rubin Blanshei
Chair

A non-profit association serving elementary, secondary and higher educational institutions through programs of self-study, evaluation and accreditation and other developmental services.

MSA COMMISSION ON HIGHER EDUCATION
Middle States Association of Colleges and Schools
3624 Market Street
Philadelphia, Pennsylvania 19104
Telephone: 215/662-5606

February 4, 1988

Dr. Jack B. Jones
Office of the President
The Berkeley School, Garret Mountain
Box F
Little Falls, New Jersey 07424

Dear Jack:

I want to thank you and your colleagues for their hospitality, kindness, and stamina during the visit which Paula Mayhew and I made February 1-2, 1988. It was, as usual, a great personal pleasure to meet with all of my friends from Berkeley. And my special thanks to you for your graciousness in driving me all the way to Nutberth on a rainy night.

Both Paula and I were impressed by the careful work and serious attention already given by the Steering Committee to the process of self-study and I look forward to reviewing the design when it is completed. In the meantime, I have noted that Garret Mountain will undertake a comprehensive self-study with emphasis on the branch campuses focusing especially on communication and integration.

Our tour of all of the New Jersey campuses and centers of The Berkeley Schools was enlightening and informative. As a result of that tour, I can tell you now that the accreditation of the Berkeley Schools, Garret Mountain Campus extends to the Bergen, Woodbridge, and Mount Laurel branches. That status will be reviewed as a part of the regular evaluation visit now scheduled for Fall of 1989. You should be in touch with Ms. Jacqueline Chimenes of the Commission with the details of each of the branches' addresses, phone numbers, names of the Directors, etc. so that all of this will appear in our next directory. May I also remind you to include information regarding the branches in your next Institutional Data Summary.

As you know, any change in ownership or control of The Berkeley Schools in New Jersey would constitute a substantive change requiring a complete reassessment of status.

I hope you will extend my warmest wishes to everyone at the New Jersey centers.

Sincerely,

Minna F. Weinstein, Ph.D.
Associate Director

cc: Ms. Susan Ranzman
Mr. Larry L. Laing

A non-profit association serving elementary, secondary and higher educational institutions through programs of self-study, evaluation and accreditation, and other complementary services.

COMMISSION ON HIGHER EDUCATION

Middle States Association
of Colleges and Schools

3624 Market Street
Philadelphia, Pennsylvania 19104
Telephone: 215/662-5606

December 14, 1989

Dr. Richard Turan
Office of the President
The Briarcliffe School, Inc.
33 North Broadway
Hicksville, New York 11801

Dear President Turan:

I take great pleasure in informing you that at its session on November 29, 1989, the Commission on Higher Education acted to accept The Briarcliffe School, Inc. as a Candidate for Accreditation with the Middle States Commission on Higher Education.

For catalog and publicity purposes, the following statement may be quoted:

> Candidate for Accreditation is a status of affiliation with a regional accrediting commission which indicates that an institution has achieved initial recognition and is progressing toward, but is not assured of, accreditation. It has provided evidence of sound planning, seems to have the resources to implement the plans, and appears to have the potential for attaining its goals within a reasonable time.

Hereafter, The Briarcliffe School, Inc. will be listed as a Candidate for Accreditation in the Middle States Directory and also in the list of Accredited and Candidate Institutions published annually for the Council on Postsecondary Accreditation by the American Council on Education.

Candidacy applies to The Briarcliffe School, Inc. as described below:

> Two year (proprietary) college offering certificate programs and associate degrees in three locations: Hicksville, Lynbrook, and Patchogue, all on Long Island.

If for any reason this description is inaccurate, please notify the Commission office at once.

A non-profit association serving elementary, secondary and higher education in the Middle States
through programs of self-study, evaluation and accreditation, and other developmental services.

There are several responsibilities inherent in Candidate for Accreditation status as described in the candidacy document on pages 8 through 11, including a semi-annual report of progress which is followed by a visit from a Commission-appointed consultant. The initial semi-annual reports of progress are due April 1, 1990 and October 1, 1990.

The Commission has appointed as its consultant to the College, President Kenneth Woodbury, Harrisburg Area Community College, Harrisburg, PA 17110 (717-780-2341). President Woodbury has served the Commission on Higher Education in a variety of collegial capacities as team chair, Periodic Review Report reader and consultant. The Commission has directed President Woodbury to establish as priority issues for the first year of his consultancy the following areas: 1) continued Board development; 2) expansion of the role of faculty in curricular and governance areas; 3) library development and bibliographical instruction; 4) development of a comprehensive plan for the delivery of student services: advisement, tutoring, counseling, financial aid and health services; and, 5) initiation of a participatory planning process.

In addition, the institution's own Candidate Planning Document, taken in tandem with the excellent report of the Assessment Team, will provide the issues and areas for institutional effort during the period of candidacy.

Please accept the warmest congratulations of the Commission on Higher Education on the achievement of this major milestone. Should you have any questions or comments concerning this Commission action, please contact Dr. Paula Hooper Mayhew who serves as staff liaison to The Briarcliffe School, Inc.

Sincerely,

Sarah R. Blanshei

Sarah R. Blanshei
Chair

mr

M:BRIAR.phm

MSA COMMISSION ON HIGHER EDUCATION

Middle States Association
of Colleges and Schools

3624 Market Street
Philadelphia, Pennsylvania 19104
Telephone: 215/662-5606

February 26, 1988

Dr. Stanley G. Cohen
Office of the President
Five Towns College
2165 Seaford Avenue
Seaford, New York 11783

Dear Dr. Cohen:

At its sessions on February 24-25, 1988, the Commission on Higher Education acted to accredit Five Towns College. The Commission has directed that the College work closely with Commission staff in order to continue the progress in planning which was initiated during the past two years. The Commission notes that the next evaluation will occur during 1992-93.

The Commission reminds Five Towns College that a change in ownership or control will occasion complete review of accredited status.

Accreditation applies to Five Towns College as described below. Should this description be inaccurate for any reason, please notify the Commission office at once.

> Independent (proprietary) college, career-oriented, offering associate degree and certificate programs.

On behalf of the Commission on Higher Education, may I extend to you our warmest congratulations on having reached this important milestone in the development of Five Towns College.

Please be assured of the continuing interest of the Commission on Higher Education in the well-being of Five Towns College. If there is any way in which the Commission or its staff can be of service, please do not hesitate to be in touch with us.

Sincerely,

Sarah R. Blanshei

Sarah R. Blanshei
Chair

shw

A non-profit association serving elementary, secondary and higher educational institutions through programs of self-study, evaluation and accreditation, and other developmental services.

SOUTHERN ASSOCIATION OF COLLEGES AND SCHOOLS
COMMISSION ON COLLEGES
1866 Southern Lane • Decatur, Georgia 30033-4097
Telephone 404/329-6500 WATS 800/248-7701

January 22, 1991

Dr. Frank J. Tortoriello, Jr.
President
Miss Wade's Fashion Merchandising College
2300 Stemmons Freeway, P.O. Box 586343
Dallas Apparel Mart, Suite M5120
Dallas, TX 75258

Dear Dr. Tortoriello:

It is a pleasure to inform you that your institution has satisfactorily completed the Institutional Self-Study Program and that its accreditation was reaffirmed by the Commission on Colleges at its meeting on December 10, 1990. We congratulate you, your faculty, and staff on this attainment.

Your institution is requested to submit a First Follow-Up Report, by October 15, 1991, which details progress in addressing the visiting committee's recommendations as cited in the following sections of the Criteria: Section 4.1.2 (Undergraduate Completion Requirements), Recommendation 5, regarding the development of competencies for programs as well as for courses; Section 5.2 (Library), Recommendation 10; Section 5.2.2 (Library Collections), Recommendation 11; Section 6.1.2 (Governing Board), Recommendation 15; Section 6.2.2 (Publications), Recommendation 16; and Section 6.4.4 (Facilities Master Plan), Recommendation 22. You should send the report, in quadruplicate, to Dr. G. Jack Allen, the staff member designated to work with your institution. Please be very specific in your response and provide supporting documentation wherever appropriate. The members of the Committee on Criteria and Reports asked that I call to your attention the attached Commission policy relating to progress and follow-up reports.

The Committee on Criteria and Reports for Institutions at Levels II-VI deferred action on the authorization of a Candidate Committee for Substantive Change to review third year professional certificates in Interior Design, Fashion Design, and Merchandising. The Commission policy concerning the review of institutions initiating post-associate degree studies has been referred to the Executive Council for reconsideration at its June meeting. Our office will contact you in June regarding the Council's and Commission's decision.

We appreciate your participation in the activities of the Commission on Colleges. We hope you will call on us whenever we can be of assistance.

Sincerely,

James T. Rogers
Executive Director
Commission on Colleges

Enclosure

ASSOCIATION OF REGIONALLY ACCREDITED PRIVATE COLLEGES AND UNIVERSITIES
PROPOSAL NO. ONE

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
TITLE XII Section 1201	TITLE XII Section 1201	TITLE XII Section 1201
Sec. 1201. As used in this Act: (a) The term "institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, (A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (B) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited. Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provision of clauses (1), (2), (4), and (5).* Such term also includes a public or nonprofit private educational institution in any State which, in lieu of the requirement in clause (1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located ~~and who meet the requirements of section 484(d) of this Act~~.** For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.	Section 1201(a) is amended: (A) by inserting after the first sentence following the period after the word "accredited" and before the words "Such term" an additional sentence to read "Such term also includes a degree-granting college or university so authorized by the responsible State education authority and which institution is accredited at the collegiate level by an accrediting agency recognized by the Secretary to accredit institutions at the collegiate level."	Accreditation for proprietary degree granting institutions is now an accepted practice among the regional bodies. It is no longer an aberration as it once was considered in 1968 when this definition in Title II of the National Defense Education Act was enacted. The definition has been amended several times and ARAPCU suggests that this proposal merely is in step with the current developments of higher education. The proposal should not open any "floodgates". There are only some forty or fifty collegiate proprietary degree-granting institutions accredited by the regionals, a handful of colleges by the New York Board of Regents, and some ACS colleges. The measure might stimulate the Secretary's oversight of the practices of some of the specialized accrediting agencies which apparently do not object to degree-granting activities by schools not accredited as colleges or which hold dual accreditation at differing levels. The proposal is designed to exclude a school which might offer a degree but which is not accredited as a college or university. The proposal also offers the opportunity to clearly articulate the particular purposes of any particular program which might be of subsidy grants or services under contract. The latter type of program such as the National Literacy Act of 1991 (H.R. 751) would have even greater potential if under contract it might also utilize legitimate institutions of higher education which are proprietary in corporate structure. Currently, an institution which offers only a post graduate degree, Ph.D., Ed.D., or Masters, must qualify as a "vocational school" to avail its students of GSL access. This irregularity, be it paradoxical or anomalous, should be and could be corrected by this amendment. For precedent the Committee may wish to refer to the statutory definition of an "institution of higher learning" in the GI Bill at 38 USC 1651(f) or a "standard college degree" in 1651(g); neither of which exclude proprietary colleges and universities. Also, the regulatory definition of an "institution of higher learning" in 42 CFR § 5 is 2 in Public Health and definitions dealing with allied health in 42 USC ~~§§~~ h-4(2) have no limitation to public or nonprofit institutions.

* Suggested location of proposed amendment
** Eliminated by H.R. 1295
(4/08/91)

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EXHIBIT E

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ASSOCIATION OF REGIONALLY ACCREDITED PRIVATE COLLEGES AND UNIVERSITIES
PROPOSAL NO. TWO

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
TITLE XII Section 1201	TITLE XII Section 1201	TITLE XII Section 1201
Sec. 1201. As used in this Act- (a) The term "institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's[1] degree or provides not less than a two-year program which is acceptable for full[2] credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, (A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purposes for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (B) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited. Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provision of clauses (1), (2), (4), and (5). Such term also includes a public or nonprofit private educational institution in any State which, in lieu of the requirement in clause (1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located ~~and who meet the requirements of section 484(d) of this Act.~~** For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.	Section 1201(a)(3) is amended - (A) by striking out the word "bachelor's" and inserting in lieu thereof the words "**an associate or higher**". (B) by striking out the word "full" and inserting in lieu thereof the words "**substantial**"	(A) The unqualified requirement that the institution offer a "bachelor's" degree is inconsistent with the realities of the academic world. There are many free-standing professional and graduate schools which do not offer the bachelor's degree but which do offer degrees at the Master's and doctoral level including medicine, osteopathy, and divinity. Similarly there are a host of community and junior colleges which do not offer the bachelor's degree but offer as their highest degree the "Associate". Both categories of institution risk exposure at the hands of overzealous auditors or litigators as in the Age Discrimination in Employment Act (ADEA) which incorporates Section 1201(a) by reference. The solution lies in using the phrase from the Veteran's legislation definition of a "standard college degree" in 38 USC 1651(g) which means an associate or higher degree which is awarded by an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency. (B) Substitute the word "substantial" for the term "full" in describing the two year program acceptable for credit towards a bachelor's degree. The COPA-ACE statement on "Transfer of Credit and Award of Academic Credit" carefully points out the great differences "between acceptance of credit for admission purposes and the applicability of credit for degree purposes". The present language seems to contemplate only evidence of full credit for the degree. Again, in the hands of an overzealous auditor the specific ineligibility might be raised on this technicality. Further, we question whether the Department has or has ever maintained evidence that an institution not awarding the bachelor's degree in fact has any evidence that such non-bachelor's degree is acceptable for "full" credit towards the degree. The present language of the statute is cast not in terms of admission but of applicability towards the bachelor's degree. This potential for exposure is readily curable and should put at rest any doubts about the transferability of the credits whether for admission or applicability.

(1) Suggested location of proposed amendment A
(2) Suggested location of proposed amendment B
** Eliminated by H.R. 1285
(4/08/91)

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ASSOCIATION OF REGIONALLY ACCREDITED PRIVATE COLLEGES AND UNIVERSITIES
PROPOSAL NO. THREE

CURRENT LAW	SUGGESTED AMENDMENT OR SUBSTITUTE	RATIONALE/EXPLANATION
TITLE XII Section 1201	TITLE XII Section 1201	TITLE XII Section 1201
Sec. 1201 As used in this Act:	Section 1201 is amended (A) by adding a new subsection (e) to read "Credit hour means a method of measuring academic progress by which one credit, point, or other unit is granted for the satisfactory completion of a unit subject or course of study which requires at least 15 hours of classroom lectures and testimation of at least 50 minutes each, at least 30 hours of laboratory or shop activity of at least 50 minutes each, or 45 hours of externship for the award of a semester credit hour which basis measure shall be adjusted proportionally to translate the value of other academic calendars and formats of study such as quarter hours or trimester hours. The Department shall not discriminate among or between eligible institutions using the credit hour system on the basis of corporate form such as public, non-profit, or proprietary."	A statutory definition of the credit hour system of measuring academic progress is necessary because of the uneven and inconsistent administration by the Department. Then, by statute it can be treated by properly observing generally accepted academic standards and principles such as those enunciated by the Handbook of Data and Definitions (1988) published by The American Association of Collegiate Registrars and Admissions Officers (AACRAO). Additionally, the precedent for a statutory definition lies in the long time definition in the Veteran's legislation at 38 USC § 1752. Also, the regulatory definition of the credit hour by the State of New York, Title 8 Education § 50.2(p) and § 52.2(k) provide an example for stability of administration and predictability apparently not available from the Department. Because the principle at issue may involve more than student aid we propose this amendment by adding a new subsection (k) to Section 1201 rather than as a new subsection to Section 481.

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EXHIBIT F

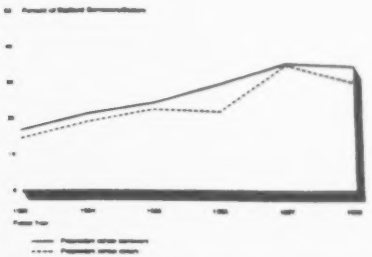
Figure I.7:

GAO What Were the Nine Defaulter Characteristics?

- Attended vocational/trade school
- Had low income
- Had little or no financial support from others
- Had minority background
- Lacked high-school diploma
- Failed to complete program
- Attended 1 year or less
- Borrowed small amounts
- Unemployed at time of default

EXHIBIT G

Figure 2: Proprietary School Borrowers Are Receiving An Increasing Share of Stafford Loans



The default rate for proprietary school borrowers is greater than the rate for borrowers from other schools. In July 1989 we reported[4] that while proprietary school borrowers comprised about 12 percent of borrowers who received their last loan in 1983, they accounted for 44 percent of defaults as of September 30, 1987. Over that 4-year period, student default rates for the five kinds of schools ranged from 10 percent for 4-year public and private schools, to 39 percent for proprietary schools. The Department of Education reported similar results in two recent studies of school default rates. Both studies determined which borrowers, by kind of school, were in default after entering repayment. The results

[4]Guaranteed Student Loans: Analysis of Student Default Rates At 7,804 Postsecondary Schools, GAO/HRD-89-43BR, July 5, 1989.

EXHIBIT H

(B) Inflation adjustment.—In the case of any taxable year beginning in a calendar year after 1989, each dollar amount contained in subparagraph (A) shall be increased by an amount equal to—

(i) such dollar amount, multiplied by

(ii) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting "calendar year 1989" for "calendar year 1987" in subparagraph (B) thereof.

(C) Rounding.—If any amount as adjusted under subparagraph (A) or (B) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50 (or if such amount is a multiple of $25, such amount shall be rounded to the next highest multiple of $50).

(c) Definitions.—For purposes of this section—

(1) Qualified United States savings bond.—The term "qualified United States savings bond" means any United States savings bond issued—

(A) after December 31, 1989,

(B) to an individual who has attained age 24 before the date of issuance, and

(C) at discount under section 3105 of title 31, United States Code.

(2) Qualified higher education expenses.—

(A) In general.—The term "qualified higher education expenses" means tuition and fees required for the enrollment or attendance of—

(i) the taxpayer,

(ii) the taxpayer's spouse, or

(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151,

at an eligible educational institution.

(B) Exception for education involving sports, etc.—Such term shall not include expenses with respect to any course or other education involving sports, games, or hobbies other than as part of a degree program.

(3) Eligible educational institution.—The term "eligible educational institution" means—

(A) an institution described in section 1201(a) or subparagraph (C) or (D) of section 481(a)(1) of the Higher Education Act of 1965 (as in effect on October 21, 1988), and

(B) an area vocational education school (as defined in subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act) which is in any State (as defined in section 521(27) of such Act), as such sections are in effect on October 21, 1988.

(4) Modified adjusted gross income.—The term "modified adjusted gross income" means the adjusted gross income of the taxpayer for the taxable year determined—

(A) without regard to this section and sections 911, 931, and 933, and

(B) after the application of sections 86, 469, and 219.

(d) Special rules.—

(1) Adjustment for certain scholarships and veterans benefits.—The amount of qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the sum of the amounts received with respect to such individual for the taxable year as—

(A) a qualified scholarship which under section 117 is not includable in gross income,

(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or

(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for educational expenses, or attributable to attendance at an eligible educational institution, which is exempt from income taxation by any law of the United States.

Sec. 135(a)(1)(A) applicable preparatory

(3) No exclusion for married individuals filing separate returns.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and his spouse file a joint return for the taxable year.

(d) Regulations.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring record keeping and information reporting.

(Added Pub.L. 100-647, Title VI, § 6009(a), Nov. 10, 1988, 102 Stat. 3668, and amended Pub.L. 101-508, Title VII, § 7816(a)(2), Dec. 10, 1990, 104 Stat. 1420.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1990 Act. House Report No. 101-247 and House Conference Report No. 101-386, see 1989 U.S. Code Cong. and Adm. News, p. ——.

References in Text

The Higher Education Act of 1965, referred to in subsec. (c)(3)(A), is Pub.L. 89-329, Nov. 8, 1965, 79 Stat. 1219, as amended. Section 120l(a) of such Act is classified to section 1141(a) of Title 20, Education. Subparagraph (C) or (D) of section 481(a)(1) of such Act is classified to section 1088(a)(1)(C), (D) of Title 20. For complete classification of this Act to the Code, see Tables.

The Carl D. Perkins Vocational Education Act, referred to in subsec. (c)(3)(B), is Pub.L. 98-210, as added Pub.L. 98-524, Oct. 19, 1984, 98 Stat. 2435, and amended. Subpar. (C) or (D) of section 521(3) of such Act is classified to section 2471(3)(C), (D) of Title 20, Education, and section 521(27) of such Act is classified to section 2471(27) of Title 20. For complete classification of this Act to the Code, see Short Title note set out under section 2301 of Title 20 and Tables.

Effective Dates

1989 Act. Amendment by part I of subtitle H of Title VII (§§ 7811 to 7816) of Pub.L. 101-239 to take effect as if included in the provisions of Pub.L. 100-647 to which such amendment relates, see section 7817 of Pub.L. 101-239, set out as a note under section 1 of this title.

1988 Act. Section applicable to taxable years beginning after Dec. 31, 1989, see section 6009(d) of Pub.L. 100-647, set out as a note under section 86 of this title.

Prior Provisions

A prior section 135 was renumbered section 136 of this title.

Personal Assistance with Tuition Stamp Study

Section 6009(c) of Pub.L. 100-647 provided that: "The Secretary of the Treasury or his delegate, after consultation with the Secretary of Education or his delegate, shall conduct a study of the feasibility of using stamps or similar programs to encourage and facilitate savings by persons towards the purchase of Series EE bonds eligible for the exclusion provided under the amendments made by this section [enacting this section and renumbering former section 135 as 136 of this title, amending sections 86, 219, and 469 of this title, and enacting provisions set out as notes under this section and section 86 of this title]. Not later than December 31, 1989, the Secretary of the Treasury or his delegate shall submit the results of such study, together with any recommendations deemed appropriate, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate."

Promotion of Public Awareness of Program

Section 6009(b) of Pub.L. 100-647 provided that: "The Secretary of the Treasury or his delegate shall take such actions as may be necessary to make the general public aware of the program established by this section."

LIBRARY REFERENCES

American Digest System

Interest received on taxable accounts, see Internal Revenue ⇐3122.

Encyclopedias

Interest received on taxable accounts, see C.J.S. Internal Revenue §§ 71, 89, 93.

WESTLAW ELECTRONIC RESEARCH

Internal revenue cases: 220k(add key number).

§ 136. Cross references to other acts

(a) For exemption of—

(1) Allowances and expenditures to meet losses sustained by persons serving the United States abroad, due to appreciation of foreign currencies, see section 5943 of Title 5, United States Code.

(2) Amounts credited to the Maritime Administration under section 9(b)(6) of the Merchant Ship Sales Act of 1946, see section 9(c)(1) of that Act (50 U.S.C.App. 1742).

(3) Benefits under laws administered by the Veterans' Administration, see section 3101 of title 38, United States Code.

(4) Earnings of ship contractors deposited in special reserve funds, see section 607(d) of the Merchant Marine Act, 1936 (46 U.S.C. 1177).

(5) Income derived from Federal Reserve banks, including capital stock and surplus, see section 7 of the Federal Reserve Act (12 U.S.C. 531).

1416

(2) any student financial assistance awarded based on need as determined in accordance with the provisions of this part, including any income earned from work under part C of this title.

(g) ASSETS.—The term "assets" means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

(h) NET ASSETS.—The term "net assets" means the current market value at the time of application of the assets included in the definition of "assets", minus the outstanding liabilities or indebtedness against the assets.

(i) TREATMENT OF INCOME TAXES PAID TO OTHER JURISDICTIONS.—(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

(2) References in this part to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.

(20 U.S.C. 1087vvi Enacted October 17, 1986, P.L. 99-498, sec. 408(a), 100 Stat. 1472; amended June 3, 1987, P.L. 100-50, sec. 1(29), 101 Stat. 353-355; amended July 13, 1988, P.L. 100-369, sec. 70(b), 102 Stat. 837.

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

DEFINITIONS

SEC. 481. (a) INSTITUTION OF HIGHER EDUCATION.—(1) For the purpose of this title, except subpart 6 of part A and part B, the term "institution of higher education" includes, in addition to the institutions covered by the definition contained in section 1201(a)—

(A) a proprietary institution of higher education;

(B) a postsecondary vocational institution;

(C) a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing; and

(D) a department, division, or other administrative unit in a junior college, community college, college, or university which provides primarily or exclusively an accredited 2-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.

(2) The term "accredited" when applied to any program of nurse education means a program accredited by a recognized body or bodies approved for such purpose by the Secretary.

LEGISLATIVE HISTORY
HOUSE CONF. REP. NO. 100-1104
[page 140]

10. Education savings bonds and modification of student dependency exemption

a. Education savings bonds

Present Law

An exclusion from gross income, or deferral of taxation, for interest or other income is not allowable because the taxpayer uses the income specifically for educational expenses.

Taxation of interest accruals on U.S. Series EE savings bonds may be deferred by cash-basis taxpayers until transfer of ownership or redemption of the bonds.

House Bill

No provision.

Senate Amendment

Interest income earned on a qualified U.S. Series EE savings bond is excluded from gross income, if, instead of being redeemed, the bond is transferred to an eligible educational institution as payment of qualified educational expenses, i.e., tuition and required fees, for a taxpayer, or taxpayer's spouse or dependents. The amount of exclusion allowed for a taxable year is the lesser of (1) the amount that otherwise is includible in gross income by reason of such transfer, or (2) the amount of such higher education expenses.

The exclusion is phased out for a taxpayer with adjusted gross income (AGI) of $60,000 or more for the taxable year; no amount is excludible by a taxpayer whose AGI is $80,000 or more. For a taxpayer with AGI between $60,000 and $70,000, 67 percent of the eligible amount is excludible; for AGI between $70,000 and $80,000, 34 percent of the eligible amount is excludible. In the case of a married individual filing separately, the phaseout amounts are one-half of those described. The phase-out amounts are indexed in calendar years after 1988.

With respect to a taxpayer who is a dependent of another taxpayer, the phaseout is applied by taking into account the AGI of both taxpayers.

Present law is amended to allow (1) transfer of a U.S. savings bond to an eligible educational institution and (2) redemption of such bond by such institution for the educational purposes of this provision.

An eligible educational institution is defined in the Higher Education Act of 1965 (sec. 1201(a) or 481(a)), or in the Carl D. Perkins Vocational Education Act (subparagraph (C) or (D) of sec. 521(3)).

The provision is effective for transfers of qualified U.S. savings bonds issued after the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment with the following changes.

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The exclusion from gross income of interest on U.S. Series EE savings bonds is available only for individuals who have purchased, after having attained age 24, and are sole owners of the bonds, or who own such bonds jointly with their spouse. The exclusion is not available to an individual who is the owner of a Series EE bond which was purchased by another individual, other than a spouse. Under this rule, interest on bonds purchased by an individual to be redeemed in (say) 10 years when a dependent of the individual attends a college is eligible for the exclusion. However, the exclusion will not be allowable if bonds are purchased by a parent and put in the name of the child or another dependent of the taxpayer, or if bonds are purchased by any individual who is under age 24 at the time of purchase.

Savings bonds are to be redeemed by the owner, rather than being transferred to the educational institution. If the aggregate redemption amount, i.e., principal plus interest, of all Series EE bonds redeemed by the taxpayer during the taxable year does not exceed the amount of the student's qualified educational expenses, all interest for the year on the bonds is excludible subject to the AGI phaseout; for example, when the redemption amount is $8,000 ($4,000 principal and $4,000 accrued interest) and qualified educational expenses are $9,500, the redemption amount exceeds the qualified educational expenses and all $4,000 interest in the redemption amount is excludible from income. If the redemption amount exceeds the qualified educational expenses, the amount of excludible interest is reduced on a pro rata basis, i.e., the ratio of qualified educational expenses to the sum of principal and interest on all Series EE bonds redeemed during the taxable year. For example, if the redemption amount is $8,000, consisting of $4,000 each principal and interest, and qualified educational expenses are $6,000, the ratio of expenses to redemption amount is 75 percent, and $3,000 of the interest received in the course of redemption is excludible from income.

Qualified educational expenses mean tuition and required fees net of scholarships, fellowships, employer provided educational assistance (sec. 127), and other tuition reduction amounts. The expenses must be incurred by the taxpayer, spouse, or dependent during the year of redemption. Such expenses do not include expenses with respect to any course or other education involving sports, games, or hobbies, other than as part of a degree or certificate granting program.

Eligible educational institutions are defined in sec. 1201(a) and 481(a)(1) (C) and (D) (i.e., nursing schools) of the Higher Education Act of 1965, as in effect on October 21, 1988, and in the Carl D. Perkins Vocational Education Act (subparagraph (C) or (D) of sec. 521(3)), as in effect on October 21, 1988. An eligible educational institution does not include proprietary institutions.

The phaseout ranges are modified. For joint returns, the phaseout range is for modified AGI from $60,000 to $90,000, and from $40,000 to $55,000 for single taxpayers and heads of households. Married taxpayers who file separate returns are not eligible for the exclusion. Modified AGI means the sum of the adjusted gross income of the taxpayer for the taxable year, the partial inclusion of social security and tier 1 railroad retirement benefits (sec. 86), the

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adjustments for contributions of retirement savings (sec. 219), and adjustments with respect to limitations of passive activity losses and credits (sec. 469), and, without regard to this section, the gross income earned by citizens or residents of the United States living abroad (sec. 911), and income from sources within Guam, American Samoa, the Northern Mariana Islands, and Puerto Rico (secs. 931 and 933).

The phaseout rate for the exclusion is applied gradually over the income phaseout range, as is the case with other income phaseouts under present law.

The amounts of AGI that determine the phaseout range are indexed beginning in 1990. Such adjustments will be rounded to the nearest $50.

The conference agreement authorizes the Secretary of the Treasury to prescribe recordkeeping, information reporting and bond redemption procedures with regard to the responsibilities of both the Bureau of Public Debt and the Internal Revenue Service. Such authority includes modifying the forms that are filled out when bonds are redeemed to provide reporting specifically of both principal and interest components of the redemption amount, an indication that the redemption amount is intended for payment of qualified educational expenses, and the issuance date of the bond. The regulations also may prescribe appropriate requirements for substantiation of the amount of qualified educational expenses incurred during the year. The Secretary is also directed to take such steps as may be necessary to make the general public aware of this program.

The amendments made by provision apply to taxable years beginning after December 31, 1989. The term qualified United States Series EE savings bond means any United States savings bond issued after December 31, 1989, at discount under section 3105 of title 31, United States Code and to interest earned on bonds issued on and after January 1, 1990, to the purchaser-owner of the bonds. The exclusion is not available for any bonds which might be obtained as part of a tax-free rollover of matured Series E savings bonds into Series EE savings bonds.

Under the conference agreement, the Treasury Department, after consultation with the Department of Education, shall conduct a study of the feasibility of utilizing stamp or similar programs to encourage and facilitate savings by parents toward purchase of Series EE bonds eligible for exclusion under the provision. The Treasury Department shall submit the results of the study, together with any recommendations as deemed appropriate, to the tax-writing committees by December 31, 1989.

b. Dependency exemption for certain students

Present Law

A taxpayer generally may not claim a dependency exemption for a dependent whose gross income for the year exceeds the exemption amount ($1,950 in 1988). However, this gross income test does not apply if the dependent is (1) a child of the taxpayer and (2) a full-time student at a qualified educational organization, regardless of the student's age.

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Our hearing stands adjourned.
[Whereupon, at 11:40 a.m., the subcommittee adjourned.]

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